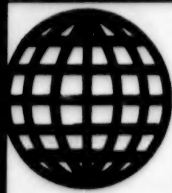


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JPRS Report

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19 December 1990

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INTERNATIONAL AFFAIRS

Minority Situation in Romania Seen as Worst in Central Europe

91CH0180A Budapest MAGYAR HIRLAP
in Hungarian 7 Nov 90 p 7

[Article by Gabor Polonyi: "Hungarian Minorities in Neighboring Countries; Concerned Attention"]

[Text] Despite all its positive aspects, the political opening made by former socialist countries is unavoidably accompanied by negative features and tendencies. The management and resolution of many problems that emerged recently became an existential issue from the standpoint of Central East European democracies, even though only part of these problems were caused by the political systems change, or were elements which accompanied the systems change. From among these problems the economic situation and the resultant mass impoverishment takes first place. At present the economic situation may be viewed as rather critical, and constitutes a challenge to the various political forces which acquired a governing position. A Hungarian Public Opinion Research Institute survey also deals with the view held in Hungary concerning the fate of Hungarian minorities in neighboring countries.

The national issue, and the issue concerning nationalities constitutes a heavy burden in the region. This is a historical legacy in part, whose satisfactory settlement in the present situation must be a basic demand established by all political organizations involved. Together with the proclamation of the Central East European republics, and paralleling this, with the strengthening of national consciousness, it is unfortunate that extreme nationalist views which express hatred for aliens have also surfaced in the region as a whole. In terms of Hungary, along with increasingly frequent anti-Semitic and anti-Gypsy manifestations, the situation of Hungarian minorities in neighboring countries, which to this date remains unresolved in many places, represents the sensitive and painful point, and serves as the basis for heated debate and conflicts.

Undeniably, the rapid and effective resolution of the national issue occupies an important place in the foreign policy of the new power, even though thus far the government was not really able to show specific results. On the contrary: Diverse positions taken by both sides regarding the minority issue, and pro and con arguments in reality veil the solutions by which Hungary and the neighboring states would be able to reach a consensus. In September, the Hungarian Public Opinion Research Institute surveyed a 1,000 person representative sample of adults in the country concerning the situation of Hungarian minorities. These are the essential findings produced by the survey:

Most certainly, many people watch with concern the ways in which the fate of Hungarian minorities in neighboring countries evolves. In a certain sense, some

people are personally affected by this issue as a result of family relationships and friendships. In the course of our survey, 24 percent of the persons questioned said that they had family members and acquaintances in the regions inhabited by Hungarians in neighboring countries. According to our findings, an overwhelming majority of these (74 percent) keep in touch with these relatives. Thus, part of the surveyed population expressed views concerning the situation of Hungarian minorities based on direct, personal experiences. The following table summarizes these opinions in numerical terms. The figures speak for themselves, no particular comment is required. Except in relation to Austria, the majority sense concern virtually everywhere. This concern is particularly strong relative to judgments expressed regarding Romania.

What is your view concerning the situation of the Hungarian minority in neighboring countries?*

The situation of the Hungarian minority in	Average number of points	Percentage of respondents
Austria	82	87
Yugoslavia	52	79
Czechoslovakia	40	87
The Soviet Union	31	86
Romania	7	94

*Persons questioned were able to assign grades within a range of 1-5. The table shows average values on a scale of 0-100. A zero value indicates that the situation of the Hungarian minority in a given country is very bad, while a 100 value shows that the situation of the Hungarian minority is very good.

In the midst of political changes of a euphoric character that took place last year, liberated—and in some instances overheated—national sentiments led to a host of conflicts in the region. Let us consider the repeatedly renewed Czech and Slovak conflict, the dissensions and bloody events that took place in Yugoslavia and the Soviet Union, etc. Unfortunately, Hungary is no exception, because in recent months, in relation to the nationalities issue, some extremist political groupings expressed irredentist views which aimed for the radical resolution of the minority issue: a demand for the reannexation of the detached regions inhabited by Hungarians. But a majority of the respondents (72 percent) do not view reannexation of neighboring areas inhabited by Hungarians as a realistic idea. This certainly indicates the sobriety and political clear-sightedness of the public. Only a minority (16 percent) feel that these regions may be returned to Hungary in the near future, while 12 percent were unable to respond clearly to this question.

On the other hand, one cannot remain silent about the fact that according to our data, 48 percent of those questioned would approve of returning the previously detached areas inhabited by Hungarians to Hungary, and only 34 percent held the opposite view. The approving view is more characteristic of persons having a lower social status. These people wanted to express primarily

their solidarity, their sense of cooperation in this manner. As compared to the average, the negative opinion is represented more forcefully by educated people. These persons probably responded on the basis of their assessment of the possible economic and political consequences. The rest (18 percent) were generally unable to respond, or simply did not respond to the question we raised.

Romanian Parliament: Interpellation Days Described

Minority Issues Discouraged

91CH0093A Bucharest ROMANIAI MAGYAR SZO
in Hungarian 6 Oct 90 pp 1, 4

[Article by Katalin Beres: "Ministers on Interpellation Day: About the Csik County Days in the Senate"]

[Text] Every Thursday "the sound of life fills" the parliament. This time, for example, members of the Senate faced the most diverse and most unexpected snippets of life, ranging from the complex issues of economic transformation to assorted episodes of everyday ethics. We heard brief reports on the assignment of university graduates, the sale of tourist enterprises to foreigners and private entrepreneurs, the "strange hunt" that took place in the Danube delta, the settlement of delayed salaries for agricultural employees, the problems of lighting public thoroughfares, the elimination of monopolistic situation previously enjoyed by state-run foreign trade firms, a promise for the further(?) improvement of food supply, governmental assistance in transforming the commercial structure of enterprises....

In a nutshell, we refer in detail only to those issues that are related to the problems of our life as a minority. In response to the question posed by Karoly Kiraly (which we mentioned in last Saturday's issue), the government's representative explained that, in accordance with Law No. 5, naming the prefects and other officials falls under the prime minister's jurisdiction and other considerations or the personal preferences of parties do not represent the residents' options; in other words, the request made by the Democratic Alliance of Hungarians in Romania [RMDSz] is outside legal and democratic limits(?) And in any event, there are so many ethnic Hungarian office-holders in Kovaszna, Hargita, Maros, Hunyad, etc., counties. Furthermore, the position of the RMDSz is difficult to understand. Karoly Kiraly pointed out that his question was not about the counties listed above, but about Szatmar, Maramaros, Kolozs, and Bihar counties, from which we do not have a single representative. He reiterated the justified demands of Hungarians in this regard, especially because the above fact caused much tension and negatively influences the public mood in the counties mentioned above. He received no substantive answer.

The question posed by Senator Romulus Vulpescu evoked special attention, and it was given an objective and satisfactory answer. The question was: Is there a

reciprocity among various nations when it comes to the rights of ethnic minorities? The representative of the Ministry of Foreign Affairs discussed the issue in detail, stating that the issue comes under the authority of international law, which declares that universal human rights apply indivisibly and include such considerations as the minorities' right to use their own native languages in the spheres of cultural activities, education, and religious life. He specifically mentioned that the rights connected with education in the native tongue must be guaranteed, described the circumstances of implementing these rights, as well as those that enable ethnic minorities to use their native tongue in public administration and the everyday management of their affairs.

Referring to responsibilities that go hand in hand with these rights, the representative of the Ministry of Internal Affairs gave a detailed response to Radu Ceon-tea's question concerning the situation on the trains in Csik county. On September 5, between Gyergyoszentmiklos and Ditro authorities arrested five Romanian citizens of Hungarian ethnic background on passenger train No. 4007, charging them with hooliganism and insulting behavior toward official persons. On September 22, a three-person group attacked Ion Caluseru and his wife on train No. 4014 traveling between Madaras and Csikszentdomokos. That case is now under investigation. Altogether, 35 ethnic Hungarians have been punished on the bases of reports received by the Brasso Regional Railroad Directorate. In order to put an end to these phenomena, suitable officials perform services on 23 trains running between Brasso and Csiksz-ereda as well as Brasso and Marosvasarhely. Forty persons guard the safety of passengers.

What can I add to this? I was embarrassed.

P.S.: Learning that, thanks to our senators, we can travel in safety on these trains puts my mind at ease. As for the thievery and vandalism frequently reported from the other railroad lines of the country, one might ask a logical question: Would it not be natural to introduce similar measures to solve those problems?

Pros, Cons of Tolerance

91CH0093A Bucharest ROMANIAI MAGYAR SZO
in Hungarian 7 Oct 90 pp 1, 4

[Article by Margit D. Bartha: "Tolerance Pro and Contra: Ministers in the Parliament"]

[Text] Every second Thursday, excitement is even greater than usual in the House of Representatives. Officials from the legislative and executive branches of the government participate in a dialogue, to the edification of the entire nation. Even though, according to House rules, the ministers respond to previously submitted interpellations, there are always a few auxiliary questions that are either answered on the spot or within two weeks. There are times when it is not easy to summarize the substance of these dialogues. In this

instance the primary reason for this is that we do not wish to embitter our readers excessively. To be sure, there was hardly anything entirely new for this reporter to jot down. However, in addition to the more or less familiar facts, I learned new data concerning our extremely serious economic situation and the growing number of social problems, and sadly realized (once again) that the government is not in control of the situation. As revealed by the seven cabinet members present, they are trying and make every effort; however, the results are far from satisfactory, one might even call them distressing. Perhaps, if we take the best-case scenario, our difficulties are the inevitable consequences of the transitional period we are witnessing. Still, it appears that even the government fails to see a way out of our difficulties, because (1) the solutions it offers prove to be ineffective; (2) the old organizational structure is so resistant to any attempt to alter and improve it that the present situation (in such places, for example, as the ministries and the industrial centers) is worse than it was previously; (3) the government takes no position on certain delicate issues, or if it does, it does so in a manner that there is little to be thankful for.

We might start with the second observation, that is, with the response that served as its base. It was addressed to Ioan Gavra, representative of the Romanians' National Unity Party [NEP], and was read by M. Anghel, a councillor of ministerial rank in the Ministry of Foreign Affairs. This time the subject was the relationship between Romania and Hungary, prompted by the appearance of the book [written by the late Endre] Bajcsy-Zsilinszky. The publication of the book and the fact that it was translated from English into Hungarian by Hungary's president, Arpad Goncz, was interpreted by Romanian authorities as a gesture of Hungary that "contributes to the circulation of revisionist ideas." Subsequently, there was talk of Romania's initiatives to normalize relations, and it was pointed out that the idea of altering national borders keeps cropping up in speeches made by Hungarian officials; furthermore, the attempt to denigrate Romania is clearly discernible (for, allegedly, any mention of the oppression of ethnic minorities in this country serves this purpose). In addition, it was asserted that there can be no agreement with the statement, made recently by Hungary's Minister of Foreign Affairs, according to which Romania is a multiethnic state.

Should we take the words uttered by the councillor with ministerial rank as an official position statement? If that is the case, then why does it fail to mention that the Hungarian partner also strives for the normalization of relations, the finding of common language and the creation of a constructive dialogue? Why is it also left unmentioned, even though this should be well known at the Ministry, that Hungarian officials rejected any manifestation of revisionist and extremist ideas?

These points were emphasized in the speech made by Geza Domokos, who represents the Democratic Alliance of Romanian Hungarians. He referred to the document

ratified by the Hungarian National Assembly, which clearly states that Hungary has no territorial claims of any kind. Then he talked about the circumstances surrounding the publication of the book mentioned above. It was written in 1943 and was translated by Arpad Goncz not now, but two years ago; its appearance, made possible only by recent developments, was promoted by a private publishing firm, clearly with an eye for sensationalism. In other words, the text was not translated by the President of the Hungarian Republic, and the publication has no official status whatsoever. Geza Domokos also said that the government of Jozsef Antall declared its noninvolvement with the proposal, made by the Holy Crown Society, to erect a Trianon monument in Budapest. By the way, our representative continued, the Democratic Alliance of Romanian Hungarians clearly stated its condemnation of all misguided actions and manifestations along this line; and such actions or manifestations should not be allowed to influence the relationship between the two countries. This relationship can only be harmed by publishing statements such as the one written by Corneliu Vadim Tudor and appearing in the latest issue of ROMANIA MARE: ".... At the same time, we ask the international community to stifle the insane persistence of Hungarian extremists in all corners of the world, and compel them to sit down to the table of civilized and responsible dialogue, because otherwise, if matters go on like this and if the situation becomes worse, the Romanian people will have every right to take up arms. That would mean that Hungary would disappear from the map of civilized Europe." It behooves the Romanian Government to take a stance against such statements (said Geza Domokos); after all, it is in the interest of both parties to moderate tensions, and both parties took and continue to take steps in that direction.

The counsellor from the Ministry of Foreign Affairs did not respond; however, a representative from the RNEP [expansion unknown] immediately rose to speak. He suggested that the Ministry of Foreign Affairs publish its response to the interpellation because representatives of his party are fed up with polite words, and with the present intolerable situation in which "Romanians are forced to leave their native land," and "members of any ethnic group may live anywhere, except for Romanians."

Since this pathetic statement received no response (although it was rewarded with applause), I do not believe that representatives of the RNEP were overly satisfied. After all, no response was forthcoming to an interpellation, posed by Ioan Gavra two weeks ago and now repeated, asking the Minister of Education about legal bases for the separatism that is evident in public education, and inquiring about rehabilitating the Romanian students at Lyceum No. 33 in Bucharest "whose case still has not been decided."

Next time I will report on the responses of other ministries.

Hungarian Attitude on Current Social, Political Milieu Described

91CH0103B Bucharest ROMANIAI MAGYAR SZO
in Hungarian 15 Oct 90 p 1

[Article by Barna Bodo: "Where Do We Stand?"]

[Text] That is, we, the Hungarians who live here.

In opposition, of course: This has been declared by our communal organization, we hear this in the pronouncements of our legislators, and anyway, could we be standing side by side with the executive authority that tolerates the numerous attacks levelled at us in the press, and especially on television, on the bases of our ethnicity? No, we cannot take that position; nor would anyone, anywhere. And everything cannot be blamed on the press laws, that is, their absence; after all, what certain publications, such as the Barbu-Tudor Vadim group, do is the equivalent of chauvinistic incitement, which, even without a press law, can and should be punishable.

How much we realize if we arrange the events in their order and consider how long can we see them as the work of happenstance, and when does it become impossible to accept them as such! They sentenced the youngsters from Marosvasarhely: They were intoxicated, but the view was that they should not have "had fun" climbing statues the way they did, they should have saved their Alpinist drives for another time and, especially, they should have chosen a different site. But consider this: None of the judges listened to the argument, none of them dared (?) to accept the point that theirs was an action caused by simple drunkenness; somehow it "had to" be classified as national slander and the youngsters were judged accordingly. This was because the judges bowed to the pressure of public opinion which was created by the press mentioned above. Who made sure that the drunken youngsters were arrested; who sent the policemen after them? The television news program, indirectly: The informers knew whom they should call, and they also knew how urgent the matter was....

The incident took place on October 7; it took less than two short weeks before each of the delinquent boys received a sentence of two-and-a-half years behind bars.

On October 9, in another region of the country, in the village of Koghalniceanu near Konstanza, another, inhumane and bloody, incident occurred. We have reported it: Local Romanian residents collectively chased away the village's Gypsies and destroyed and burned down their houses. It was an action recalling the best, or worst, of the Middle Ages. What happened since that time? The organization representing the interests of Gypsies could not even initiate a lawsuit, because in order to do that the police force has to document who the perpetrators were. Of course, those have to be found first, which requires a committee; in other words, the case is slow to get started. And the press? For some reason, it does not have the time to deal with the case: There were a few pictures and a report; of course, not half an hour after the

events. Mr. Rosilanu was in no hurry to comment; he had no specific opinion on the matter, unlike the case involving Hungarians....

In view of the above, we can understand those [Hungarian] fishermen from Maros county who are not anxious to seek justice; they do not wish to take legal action against the [Romanian] shepherd and his accomplices who attacked, injured and humiliated them. But we cannot agree with them. We [Hungarians] must not slink away: If we do, we will only open the floodgates and we all will be swept away. I would urge those fishermen to go to the television, visit the editor, Mr. Rosilanu himself, and ask for his view on the matter, even if it is already too late for their case to be mentioned on the daily news program. After all, this is how we lose ground, when we miss opportunities to clarify such rejection, so that the poorly informed, but not hostile, citizens would realize the nature of manipulation in the television news programs.

After this, everyone should clearly see that the apologetic senatorial remark concerning the ominous Article 93, a remark that asserts that the anti-Hungarian tone is simply due to editorial oversight, is unacceptable. We must realize that there are connections among the various phenomena, and we must do everything in our power to oppose them.

We must seek out members of the Romanian opposition, those who recognize the attempted use of ignorance against the spread of liberalization, openness, and democracy.

And then we are once again surprised. Once again, we read things that make us think. After all, we show up at the forums of antitotalitarian forces. In Temesvar, for example, we were present at the intercounty meeting where the delegate from Kolozsvar said that they would be willing to collaborate with anyone who fights for real democracy, even with Hungarians.... Well, that statement ended up a little below the belt. As a consequence, we paid greater attention to what ended up in the basic document, to determine whether it would be worthwhile for us to join the forum, even though the text did not indicate among the goals the guaranteeing of collective and individual rights for members of ethnic groups in a democratic Romania.

But there are other instances that make us think. In September the outstanding representatives of the opposition held a meeting in Brasso. I read in the 15 NOLEMBRIE how serious that event was, with everyone important attending. Still, there were no ethnic Hungarians present. I do not know if any of our representatives were invited. The meeting was not organized for the delegates of political parties, so it was not the officials of the Democratic Alliance of Romanian Hungarians who could have expected an invitation. But there are plenty of us who, even outside the Alliance, have demonstrated their place on the political compass. I am thinking of Eva Cs. Gyimesi, or Sandor Kanyadi, but I could mention

Tibor Toro, too; as long as the names of Geza Szocs and Erno Borbely seem to be identified with the Alliance. Of course, it would have also been possible to ignore the party membership of individuals, and consider only the substance, that is, their dissident activities.

Does not the Romanian opposition seek any contact with us Hungarians?

It is conceivable. Unfortunately, in the present political atmosphere there are attempts somehow to make a connection between us Hungarians and anything that is unpleasant, troublesome, or has a negative image. And it appears that Romania's dissidents do not wish to be immediately labeled as the hirelings of Hungarians. After all, their task is difficult enough. This means that we must make our presence known, and have ourselves, and our basic political stance, accepted, on the bases of substantive agreements and shared goals. This is a separate struggle or (to be more precise) a separate task; but we must realize that a political atmosphere has been created around us that makes us an unwelcome partner for all.

This is why we must ask once again: Where do we stand?

On the side of the progressive Romanian opposition whose members think like Europeans. In spite of everything that has happened. Because even if they want to take everything away from us, we still retain our convictions. And they compel us to take this stand.

Anti-Hungarian Attacks in Mures County Discussed

91CH0136A Bucharest ROMANIAI MAGYAR SZO
in Hungarian 26 Oct 90 p 3

[Article by Ferenc Martin: "Anti-Hungarian Attacks in Mures County"]

[Text] Lately there has been an increasing number of violent attacks in Mures County against the Hungarian population. All over the county one brutal action, provocation, commando-like attack has followed another. Their troublesome frequency is rendering the situation ever more uncertain and destabilizing.

Despite the principles of democracy and the outcome of the May elections, the government-appointed county executive and the local authorities, public prosecutor's office, and the police do not take any steps in the cases, do not move to protect the minority, do not hold those responsible to account, and dismiss the charges. The intentional "disinterest" and the indifference of the prefecture together with the instigation of a chauvinistic local press are bearing their own fruit.

In Sovats, Band, and Iedu, as a result of the anti-democratic appointments, the tense state of affairs has gradually become permanent. Everywhere, there are strikes, and one incident follows another, while the authorities act as if they were intentionally paving the

way for the clashes. On the banks of the Mures River, between Radna and Cuci, Hungarian fishermen have been the victims of several commando-like attacks, reported by our paper on every occasion. But the public prosecutor's office and the police do nothing to bring the perpetrators to justice. The newspaper NEPUJSAG of Targu Mures gave an account of how in Sighisoara the grave of Sandor Petofi at the side of the autoroute to Alba Ecclesia has been repeatedly desecrated. What is involved is that the office of the mayor has licensed in the immediate vicinity of the tombstone and as its next door neighbor, the opening of a pub. We are all for private enterprise, but not in this fashion. Close to the Petofi tombstone people are cooking barbecues, selling liquor and soft drinks. The patrons occupy the ground next to the memorial, drink, smash bottles, and discard garbage—really! It is appropriate to ask whether our Romanian fellow-citizens would tolerate that individuals set up cooking stalls around the tombstones of their literary immortals. In how sensitive a manner have the prefectural authorities reacted recently to the events involving the Avram Lancu statue in Targu Mures while they remain completely mute when it comes to the memorial to Petofi in Alba Ecclesia.

In Ludus, at the No 2 Vocational High School, 33 students protested because in the afternoon of 25 September, shortly after 1700 hours, five Romanian young men beat up Hungarian students, including Mihaly Berki. One of the attackers was even armed with a rubber truncheon. The Romanians were shouting "So you want Transylvania?" Eyewitnesses to the incident were Gyorgy Panczel, Csaba Lukacs, Laszlo Biro, and Csaba Nemeti. On 1 October the student Bela Tekeres was seriously injured after being beaten at the Ludus railroad station. At the same time Gabriel Sava was also attacked because, as a native of Targu Mures, the perpetrators believed that he was a Hungarian ethnic.

Hungarians living in the Gurghiuului valley have been victimized by several attacks since the spring. In May, Janos Matisz, a dentist, was set upon merely because he is Hungarian. His wife, Magdolna Matisz, and his 26-year-old son were also manhandled. The pretext for the abuse was that the dentist's family was having a conversation in Hungarian in the pastry shop. One of the attackers, called Baloaga Mitu, a known tavern bully, boasted that in March in Targu Mures he was the one who had beaten out the eyes of Andras Suto. The next day the Matisz family requested a medical certificate at the county office and filed a complaint. The case reached the court. However, Baloaga Mitu, the hero of Girghiu, threatened the dentist with the statement that he, Mitu, was invulnerable since he had a relative in the county, namely, Judge Aurel Farcas, who would defend him. Let us note that Judge Aurel Farcas also originates from the Gurghiuului valley, specifically, from Hodac.

It would seem that the bullying pub hero is absolutely right because the court dismissed the case, denying the complainant the right to a change of venue to Timisoara or Brasov.

In September, in the garden of the Gurghiu school, formerly the castle park, both Hungarian historical memorials were toppled. In the night of 6 to 7 October, at daybreak, the automobile of the Protestant minister of Gurghiu was vandalized, while unidentified perpetrators smashed Hungarian tombstones in the cemetery. Between Glajarie and Casva, the road was obstructed with carts. Those who wished to get by had to identify themselves, and whoever turned out to be Hungarian was roughed up. The Reghin branch of the RMDSZ [Romanian Hungarian Democratic Federation] strongly protested the series of attacks against Hungarians.

Anti-Semitic, Chauvinistic Attacks by Teenage Students Reported

91CH0103A Bucharest ROMANIAI MAGYAR SZO
in Hungarian 19 Oct 90 p 1

[Article by Margit D. Bartha: "Insulting, Threatening Words and What Is Behind Them"]

[Text] It has been a month since teaching began in the schools of our country, but order has not yet been reestablished at Lyceum No. 33 in Bucharest. On the first day of the year the students were greeted by angry noises instead of flowers; and since then the situation did not improve, only became worse, judging from the fact that recently faculty members asked for police protection, that is, permanent supervision.

The school has already been visited by senators, representatives of the ministry and the board of supervisors, and even a government office conducted an on-site investigation; with little result. Recently a delegation of legislators was there, made up of four members of the education committee, Cretu Nicolae (Romanians' National Unity Party), Lupau Gheorghe and Mischie Nicolae (National Salvation Front) and Benedek Nagy (Democratic Alliance of Romanian Hungarians). However, instead of trying to discover real causes behind the cold facts, their actions revealed that most of them were prejudiced, and may have even formed their conclusions before the investigation began.

Members of the Romanians' National Unity Party, such as deputy Ioan Gavra and Radu Ceantea, repeatedly alluded in the parliament to the miserable situation of Romanian students at Lyceum No. 33: How they were forced to go to another school, how there is no ethnic Romanian teacher at the school, and even the Romanian language is taught by a teacher of Hungarian descent. And, of course, what immediately followed were commiseration with the Romanian students whose rights are violated, and the conclusion that all this is the result of separatist demands. The legislators mentioned above failed to talk about the situation and sensibilities of Hungarian children at the school, as perhaps less worthy of consideration. Or is there another reason? Could it be that someone is striving to discourage children, parents, and teachers alike? And, through them, others as well?

For it should be known that Romanian students from the tenth and twelfth grades, who still attend the school, repeatedly insulted their teachers, some of whom are ethnic Hungarians, threatened the Hungarian students, and in the morning they still greet them with signs revealing insulting slogans. Ene Nicoleta, who teaches French and English, had to listen to being called a "false Romanian." Mathematics teacher Alexandru Robert Eckstein heard the call "Go to Israel!" in the middle of his class. Dobleac Sorin, tenth-grade student, speaks quite clearly: "Don't you understand that we will not accept a teacher who is not a Romanian?" Another tenth-grader, Dudau Marius, further detailed the demands: "We will only recognize pure Romanians as teachers." And when their mathematics teacher pointed out that theirs is a Fascist point of view, the response was immediate: "Jew!"

It is distressing to consider how far matters have deteriorated. Previously there has never been any friction, conflict or tension within the walls of the century-old alma mater; no student or teacher would have thought of making distinctions on the bases of ethnicity or race. This was emphasized by, among others, teachers Viorica Soltu and Elisabeta Gaciu, or by the parents Adina Bara, Ioan Tanase, and Marian Vilcu.

Everyone recognizes what is clearly stated by the laws of our country: The right to study in one's own native language. Then why do they oppose and hinder the implementation of this right? It is difficult to understand who, and for what reason, would be bothered by the separate educational institution; and why would it have to be immediately labeled as separatist? Or to declare one of the basic human rights (the right to study in one's own tongue) as a destabilizing factor? Still, these accusations are frequently heard, even in the legislative chambers. They were even voiced by certain members of the committee mentioned above; the reader can guess, which they were. (One of them stated that only Romanian schools, perhaps with departments for other languages, should be allowed to exist in Romania.)

The causes and goals of these pronouncements are quite clear. And, in view of the writings that appear in certain openly chauvinistic and inciting publications, one could suppose that the students mentioned above (along with the suspicious characters found around the schools) could hardly undertake their actions entirely on their own.

In the meanwhile, the member of the committee who represents the Democratic Alliance of Romanian Hungarians informed the Minister of Education about the facts in the situation. Still, there have not been any steps taken that would offer a solution. The situation has not improved; the Hungarian children are scared. For a few days they escaped to the safety of a Lutheran church, but when they went back to their school they were once again received by hostile slogans. One can just imagine how teaching proceeds....

ALBANIA

Polish Press on Kadare's Decision To Remain in France

9IP20048A Warsaw GAZETA WYBORCZA in Polish
7 Nov 90 p 9

[Article by Marian Orlikowski: "Albanian Writer's Protest"]

[Excerpts] Ismail Kadare, the best-known Albanian writer, requested political asylum in France at the end of October. His decision, which was the subject of much comment in cultural circles, was a surprise to the people of Albania and enraged the communist leaders.

For 20 years, the 54-year old Kadare has had special privileges in his country. It was not a matter only of material benefits—more importantly, he was one of the very few Albanians who had a passport and permission to travel abroad. His second home was Paris where, in 1970, the French translation of his most famous novel, *Gienerali i ushtrise se vdekur* [*The General of the Dead Army*], was published and received honors and approval from international literary critics. The Polish edition of the book, *General martwej armii*, which was published by the State Publishing House in 1984, was based on the French translation.

In his works, Kadare carefully avoided descriptions and commentaries dealing with the political system in Albania—a Stalinist-type dictatorship established by Enver Hoxha. [passage omitted]

He longed for the time when he would be able to speak openly about his homeland, clearly, loudly, and plainly. This is evident in his published statement giving his reasons for seeking asylum on 25 October. The writer mentions "the great hopes" he had placed in the new leader of the Albanian communist party and government, Ramiz Alia. [passage omitted] "I believed that Alia would be the Albanian Gorbachev."

The thousands of refugees who fled Albania and came to the West this year are an indication of the extent of the discontent in the country. This summer, more than 5,000 Albanians who were trying to leave the country took refuge in diplomatic missions in Tirana. Every day, several Albanians escape across the border to Greece and Yugoslavia. A few days after Kadare made his decision, 100 Albanian tourists went out on the deck of a ferryboat in Trieste and asked the Italian police for asylum.

The Albanian press calls the refugees "traitors" or "hooligans." It was at a loss for words to define what Kadare did: the Albanian media made no mention of the incident for a few days. However, in official statements for the French news agency AFP, the comment that he fled like a rat from a sinking ship was one of the milder comments.

CZECHOSLOVAKIA

Claims of Slovak Emigre Historians Questioned

91CH0108B Prague RESPEKT in Czech 6 Nov 90 p 14

[Article by Stanislav Reinis: "Slavs and Slovaks"]

[Text] The political scientist M.S. Durica, a professor at the University of Padua, this year published a brochure in the Alfa publishing house in Bratislava titled "The Slovak Nation and Its Statehood." Recently (6 August) Juraj Fuchs of LIDOVE NOVINY looked at the contents of the brochure. Durica describes the Slovaks as one of the oldest peoples of Central Europe; in the sixth century it already occupied the region between the Bohemian-Moravian highlands, the Tatra Mountains, and the middle Danube and as the first of all the Slavic peoples it rose up against the Avars in the seventh century and founded the Samite Empire, whose center was Bratislava (or, in the worst case, Nitra). The wonder here is that Fuchs is considering it.

One of the openly known secrets of the exiles' underworld of the last 20 years is that Durica did not think up the majority of the statements in his brochure himself. What is today taking place in Slovakia was long and carefully prepared by a group of exponents of a Slovak state who were taken in by Canada, Italy, and other countries in the 1950's. There were among them also "historians" who first of all justified their own collaboration with Hitler and secondly attempted to give the Slovak nation seniority of place over the other peoples that there are in the world.

Professor Durica was one of them. He actually devoted himself to modern history and, for example, wrote in the article "Slovakia During the Second World War—The Slovak Republic" published in the collection *Slovakia in Retrospective History* (Lausanne, 1976): "In brief outline, that was the international political situation in which the birth of the Slovak state took place. To understand it correctly from a historical standpoint, we must remember that Hitler at that time was indeed known to the world as a German dictator who did not shrink from the use of hard measures and raw force against his political and ideological opponents in realizing his national socialist revolution, but he came to power through legal means and as the Reich Chancellor was generally recognized as the legitimate representative of Germany. His undeniable successes in the field of normalizing German economic and social relations elicited the respect of many political observers both in Europe and abroad."

And to continue, "...the German-Polish War into which Slovakia was dragged under the provisions of the protective treaty with Germany brought Slovakia modest territorial gains, but ones that were important in satisfaction as there was a reacquisition of the land seized by Poland in the years 1918-20 and 1938. One could even say that only this second baptism of blood led Hitler to

his definitive decision to recognize and preserve Slovakia as an independent country."

The second theme of the Slovak historians in exile, the antiquity of the origin of the Slovaks, is even more interesting. The Slovak-American historian Jan Rekem in 1970 in "The Literary Almanac of the Slovak in America" wrote that the Slovaks are the aboriginal population of Slovakia (that is, they have inhabited the area since the beginnings of mankind, if I understand him correctly) and that they became literate long before Cyril and Methodius, accepting Christianity in the first century from the Apostles Peter and Paul themselves.

This idea was developed, for example, also by the former professor at the University of Bratislava Jozef G. Cincik. In the collection *Slovak Culture Through the Centuries* (editor Jozef M. Kirschbaum, Toronto, 1978) he published the article "Relationships Between the Roman and Slovak Civilizations." With a straight face he describes there how the Slovaks (that is, the Proto-Slovaks, as he calls them) struck simplified Roman silver coins and then traded with them along the Jantar Trail to the north, to the south, and everywhere.

As early as the first century a group of Proto-Slovaks reached Slovakia. In the second century they occupied the area of Presov and around 179 [A.D.] they named Debrecin, Trnava, Bystrice, and other places. Because of the heroic defense of the Proto-Slovaks, the Emperor Marcus Aurelius failed to include Slovakia in the Roman Empire. The proof of all this is the fact that on the victory column of Marcus Aurelius in Rome there are among the defeated barbarians also faces resembling those of Slovak villagers from around Trencin, mainly from Vratna Dolina and Kysice.

"Living for centuries in the same environment with a diet made up of starches, vegetables, and meat, the Slovaks naturally formed hereditary anthropological and bioethnic features," Cincik observes on this. In his article he very clearly differentiates between the Slavs and the Proto-Slovaks. He says that the Roman measure of the Quadrans (one quarter of a hundred) became the favorite measure among the "Slavs and Slovaks," still to this day called the "quarter." Thus the Slovaks took on the Roman heritage and maintained early traces of the Roman civilization and culture from that time, Cincik concludes.

Of course, then came the time when the Czechs began to rob the Slovaks of everything. They even stole their center of the Great Moravian Empire. The Canadian Jesuit Michal Lacko, for example, speaks of this ("The Beginnings of Slovak History and the Period of the Great Moravian Empire," in *Slovakia in Retrospective History*, 1976), "There is an interesting fact about Mikulcice. Research has shown that in the ninth century and even long thereafter the Mikulcice Castle lay on the east bank of the Morava River, thus we could say on the Slovak side. This is shown by a gate in the wall on the eastern side and stone quarried in the nearby White Carpathian

Mountains.... Some centuries thereafter, however, the flow of the Morava River was changed by a man-made dam so that today it flows on the eastern side of the Mikulcice Castle."

The important thing about all this is not that the popular historians have tried to transform Slovak history into some kind of collection of fairy tales, but that nobody has every made them answer for it. Neither then, in the 1960's, nor now. Fear governed among the Slovaks abroad and even wise and tolerant people preferred to stand aside rather than to oppose the populists.

I hope that this will not be the case in present-day Slovakia.

HUNGARY

Germany To Compensate Schwabians for World War II Wehrmacht Service

Pecs Consulate Established

91CH0177A Budapest NEPSZABADSAG in Hungarian
13 Nov 90 p 5

[Unattributed article: "German Consulate Opened in Pecs"]

[Text] Germany's consulate in Pecs opened yesterday. Hereafter residents of Baranya, Somogy, Tolna, and Zala Counties, and of the Southern (Bacska) part of Bacs-Kiskun County may turn to the Pecs consulate regarding matters that were previously handled in Budapest. Residents of this region may obtain visas for visits lasting longer than three months, or for travel related to work or studies.

Pecs German Consul Hans Rehfeld said that they were encouraging the development of cultural and economic relations. For the time being, the Pecs consulate is located in a former workers barracks.

Responding to our question Rehfeld said that "This building is our temporary home. We wanted to purchase a downtown building that was mellowed by age, but we failed in this regard. Hereafter we will negotiate with the new local official, and we hope that these negotiations will be successful."

In conclusion, Rehfeld had this to say:

"Hungarian citizens—primarily of the German nationality—who served in the Wehrmacht during the war and were injured may receive monthly benefits provided that they are able to prove that their health impairment resulted from such service. In part, the administration of such benefits will be handled at this consulate. On the other hand, we do not want to foster excessive hopes. After 45 years it is not easy to prove the wartime origins of an injury. In any event, a lengthy medical examination will be needed to determine entitlement."

Background of Wehrmacht Service

91CH0177B Budapest NEPSZABADSAG in Hungarian
14 Nov 90 p 5

[Interview with Jozsef Balint, Baranya County chairman of the Association of Germans in Hungary, by U.T.; place and date not given: "Who Served in the German Army?"]

[Excerpt] [passage omitted]

[Balint] Insofar as the background is concerned, we must recall the Second Vienna Decree of 1940. According to this agreement, the price to be paid by Hungary for the return of the Northern part of Transylvania was that Germany exercised certain authority over the German population of Hungary. Initially, this authority did not prevail. In 1942 and 1943 altogether 1,800 German nationality Hungarian citizens from within the present boundaries of Hungary joined the German SS.

[U.T.] What changed as a result of German occupation?

[Balint] Beginning in May 1944 Germans in Hungary were enlisted in the German Army. The enlistment was accomplished by German military physicians with a Hungarian colonel present, and with the help of the Hungarian Gendarmes. The fact that Schwabians much rather volunteered for service in the Hungarian Army because they did not want to serve in the German Army is a historical fact. They regarded themselves as Hungarian citizens and never yearned for Germany. Nevertheless, more than 10,000 Schwabians were enlisted in the Wehrmacht. The youngest enlisted men were 17 years old. On memorial plaques in Baranya County one may see how many died at the front, at the age of 17. [passage omitted]

Parliament Rejects Supreme Prosecutor's View on Systems Change

No Change Seen

91CH0179A Budapest NEPSZABADSAG in Hungarian
14 Nov 90 p 4

[Report on parliamentary proceedings]

[Excerpt] [passage omitted] Hungarian Democratic Forum [MDF] Representative Lukacs Szabo addressed his interpellation entitled "Systems Change Among Chief Prosecutors" to Supreme Prosecutor Dr. Kalman Gyorgyi. The MDF representative said that in his view everything remained unchanged in the prosecutors' offices, the incumbents in chief prosecutors' positions are the same persons who pledged allegiance to the state party.

In his response the Supreme Prosecutor reminded Representative Szabo of the fact that after the republic was proclaimed, Hungarian prosecutors swore allegiance to the constitution of the republic, and that they performed work consistent with that oath. Dr. Gyorgyi also stated

the fact that the constitution clearly required prosecutors not to belong to any party, in order to protect their nonpartisan status. The head of the Supreme Prosecutor's Office told the National Assembly that unfortunately, in recent times many good professionals have abandoned the prosecutorial career, and that 159 positions were vacant at present. Thereafter Dr. Gyorgyi discussed upcoming tasks relative to reforming the prosecutorial field. He stated that the cabinet assigned the task of developing the concept personally to him and that he would submit his concepts to the cabinet within two months.

Representative Szabo did not accept the Supreme Prosecutor's response. The National Assembly also rejected the response by a vote of 110-60. Eighty-two representatives abstained from voting. (Acceptance of a response to an interpellation requires the affirmative vote of a majority of the representatives.) [passage omitted]

Supreme Prosecutor Comments

91CH0179B Budapest NEPSZABADSAG in Hungarian
14 Nov 90 p 4

[Article by V.P.: "What Does the Supreme Prosecutor Have To Say?"]

[Text] Tuesday evening we asked Supreme Prosecutor Dr. Kalman Gyorgyi about the vote to reject his response given to an interpellation.

"I believe it is unfortunate that in judging the office of prosecutor the primary determinants are those not glorious actions taken by a few prosecutors in some political trials. A large part of the public has no information about the kind of work the prosecutor's office performs to protect the rights of citizens, to investigate crimes, and to represent the prosecution. The picture painted of the prosecutor's office in the course of the interpellation—and here the term 'ancient fossil' comes to mind primarily—is simply exaggerated. Because of the exaggerated interpellation it is possible that the response also contained more emotional elements than it would have contained otherwise.

"We are facing a comprehensive reform of the prosecutorial organization. This is part of the overall reform of the organization which administers justice. In the framework of this reform, we expect to introduce a system in Hungary which corresponds with the practices of West European countries rich in democratic traditions. These reform measures are now being prepared, and the concept of this reform will be submitted to the cabinet during the early months of 1991. Thereafter it will become possible to draft a legislative proposal. Ever since I began to perform my official functions I endeavored to achieve that reform concepts pertaining to organs involved in the administration of justice correspond with each other. Here we are talking about cooperation with the Ministry of Justice. That ministry is managed by the cabinet, while I am responsible to the parliament. Accordingly, it is my intention to harmonize

the reform of the judiciary with the reform of the prosecutorial organization. Anyone closely familiar with the courts and with the prosecutorial organization will know that in most places these two organizations work in the same building, and it would be inconceivable not to make changes in county chief prosecutors' offices when presidents of county courts are changed. Accordingly, this process is conceivable only if viewed in terms of mutuality, and if implemented jointly."

Cabinet Adviser on Approach Used in National Security Law

91CH0186C Budapest NEPSZABADSAG in Hungarian 9 Nov 90 p 5

[Hungarian Telegraph Agency (MTI) Report: "The Authority of the Secret Services"]

[Text] The legislative proposal concerning national security was part of the agenda at Thursday's cabinet meeting. Dr. Erno Ban, the adviser at the Office of the Prime Minister who specialized in this matter indicated that in drafting the proposal experts considered the basic principles contained in "Recommendations for the Regulation of Use of Personal Data Under Police Jurisdiction," made by the ministerial committee of the Council of Europe. This document emphasizes the need for the respective governments to limit the authority to gather personal data for the use of police to an extent that such gathering of data is necessary for the suppression of criminal activities or for the prevention of a realistic threat. The recommendation holds that the gathering of data concerning a person's religion, sexual conduct, and political view be prohibited. Similarly, the gathering of data concerning organizations whose functioning is not prohibited by law should also be prohibited. An important statement of principle requires each member state to operate a supervisory authority which is independent from the police, and which may be held accountable for observing the principles spelled out in the recommendation issued by the Council of Europe.

In Dr. Ban's view one may hope that the National Assembly will adopt the law concerning national security. It that takes place, interests and duties tied to the observation of human and citizen rights, as well as some very important state interests related to the necessary functioning of Hungarian secret service organs will be integrated for the first time in Hungary in the framework of a law which may be reviewed by anyone.

Secrecy Veils Legislative Drafting on Use of Secret Means

91CH0186B Budapest MAGYAR HIRLAP in Hungarian 7 Nov 90 p 7

[Interview with Colonel Dr. Peter Zalai, head of the National Police Command investigative division, by Karoly Lencses; place and date not given: "Mysterious

Investigation; Not Even the Policeman May Know About It?"—first paragraph is MAGYAR HIRLAP introduction]

[Text] Internal directives which provide conditions for the use of secret service methods were hurriedly changed following the eruption of the Dunagate affair. Since the hurriedly adopted law took effect, however, the criminal division has barely taken advantage of these opportunities. Undoubtedly, inconsistent provisions are one reason for that. On the other hand, the legislative proposal concerning the police has not yet been submitted to the parliament, while criminal activities, primarily organized crime—the most threatening from the standpoint of society—show an unprecedented increase. At present, the legal drafting process takes place in secret, not even professionals have information concerning the law to be proposed. We asked Colonel Dr. Peter Zalai, head of the investigative unit at the National Police Command to provide his private opinion concerning the use of secret means and methods.

[Zalai] I should make clear at the outset that the terminology I am about to use will not conform with the official language used today. It will be closer to the internationally used terminology. This perhaps will better convey the essence of these activities. Accordingly, laws must regulate secret studies of the environment of persons, secret surveillance, the control of the mails and of telecommunication lines, the technical control of premises, the hiring of informers and confidential persons or secret investigators, covert viewing, research and the concealed use of criminal technological means. At present the summary designation for the application of these is operative work, and we call for example operative persons "network persons." By now these two concepts are rather well known, but I cannot say more without violating state secrets.

[Lencses] As an experienced observer of the criminal scene I believe that the exact same means were used thus far, irrespective of what the official language was. Nevertheless, in the absence of appropriate rules all this amounted to crude violation of citizen rights.

[Zalai] This is precisely why there is a need for public rules, accessible to anyone. But now we have reached the point where even the professionals are excluded from the legislative drafting process, even though a broadly based societal consensus would be needed concerning conceptual issues.

[Lencses] On what occasions is it worthwhile to use secret means in the course of an investigation?

[Zalai] Unfortunately, the law on criminal procedure fails to draw a distinction, nevertheless an investigation consists of three distinct phases. The first task is to confirm or rule out suspicion that arose. We may perhaps call this a preliminary assessment. Existing legal provisions do not cover this subject. Exploration may begin in the event that suspicion is substantiated. This takes place after the issuance of a written order to

investigate. In the context of the law on criminal procedure, this phase completely overlaps investigative work. The latter may occur only after the person assumed to have committed a crime becomes known. At this point there is no opportunity for a secret investigation, because the suspect does learn about the initiation of a criminal proceeding. At the same time the investigation must produce evidence that stands up in court and which the courts are able to evaluate. Such evidence must be produced pursuant to rather strict criteria, and in an open proceeding. Secret investigation may play an important role in the two phases preceding this phase.

[Lencses] What criminal acts warrant the use of these means, in your judgment?

[Zalai] The police pursues its activities in two directions: It tries to prevent crime and avert threats stemming from criminal acts, and quite naturally, it is a police task to find the criminals. Secret investigation has relevance in both of these areas. In my view, criminal acts which draw punishment in excess of three years in prison, and preparations for such criminal acts warrant the use of secret means and methods. I regard secret investigation as justified in the investigation of organized criminal activities, irrespective of the punishment such activities draw. Otherwise we cannot expect to see results in the field of organized crime.

[Lencses] And why the three-year limit?

[Zalai] Obviously, one must draw a line somewhere, because obviously there is no need to use these methods regarding all kinds of criminal acts. There is an ongoing debate in professional literature as to whether the limit should be three or five years. I personally believe that the three-year prison sentence is the appropriate limit. In this way some serious criminal acts, such as preparing to commit murder or abortion would not fall outside the scope of the applicable rules. This, of course, should not mean that secret means must be used in every instance, only the opportunity to use these means would be there. It is obvious that secret means should not be used if it is possible to uncover criminal acts through other means, or if a secret investigation would cause a more severe disadvantage than the criminal act itself. Preventing the commission of the criminal act is the goal.

[Lencses] Who should be authorized to permit the use of secret means?

[Zalai] In my view, only the National Police Chief should be authorized to grant permission for secret investigations, as a global method. No one agrees with me in this regard, even though one should recognize that ordering a secret investigation constitutes such severe intervention that it may be used only in exceptional cases. But the use of individual secret means or methods should be viewed differently. There are uses which could be authorized even by a division head, on the other hand it would be appropriate to authorize only the judiciary to order surveillance or the control of mails and telecommunication lines.

[Lencses] What system of guarantees should be developed in order to prevent situations in which secret investigations unnecessarily violate citizen rights?

[Zalai] Provisions of this nature must be made on at least four levels. The constitution must provide that under certain circumstances citizen rights may be restricted or violated in certain ways, and the constitution does include such provisions. These conditions must be specified by law, while orders by a minister should suffice to regulate implementation. Such orders, however, must not be issued in the form of publicly available legal provisions. The fourth level is the control system. I am convinced that the highest level of oversight for secret investigative activities is the function of parliament. Therefore the law providing for the National Assembly must provide for that. I believe that in this regard my views coincide with the official concept.

[Lencses] Whether a suspect may learn about an investigation in which he is the target constitutes a fundamental issue of guarantees.

[Zalai] The suspect will by all means learn about an investigation once the investigation has begun. This is so because secretly revealed facts will be stated as part of the evidence. In the event that the police fails to acquire substantive data, it must subsequently inform the suspect of the fact that a secret investigation took place, while superfluous information must be destroyed under the supervision of courts. Opportunities for legal recourse exist regarding the use of such methods. The courts take positions in regard to such matters.

National Security Organs To Be Depoliticized; Oversight Debated

91CH0186A Budapest NEPSZABADSAG in Hungarian
10 Nov 90 p 4

[Report on cabinet spokesman's briefing]

[Excerpt] [passage omitted] At its Thursday meeting the cabinet discussed the first draft of the legislative proposal concerning national security, which will be the first such law in the history of modern Hungarian statehood. The cabinet decided that a thorough discussion and revision of the legislative proposal was needed. This will take place with the involvement of the Supreme Court and the Supreme Prosecutor's Office. The proposal will then be presented once again to the cabinet in December. The basic concepts of the proposal include requirements to the effect that the national security organizations must be depoliticized, that constitutional oversight for these organizations must be established, and that the legal provisions must include guarantees for respecting human and citizen rights. [passage omitted]

POLAND

Small Party Proliferation Seen To Benefit Center Accord

91EP0078A Warsaw ZYCIE WARSZAWY in Polish
15 Oct 90 p 3

[Article by Piotr Skwiecinski: "Are Small Parties a Reason for Worrying?"]

[Text] Parties, big and little.... Their number is large and inversely proportional to the size of their membership. The widespread opinion is that we are being threatened by a political fragmentation that is harmful to order and democracy.

This opinion can be contested. It is not true that in the stable democracies of the West, even in those in which a two-party system exists, the number of political parties is small. Their number is in reality comparable to the number of the groupings currently declaring their existence in Poland. As a rule, however, only a few play a significant political role and are represented in the parliament. The other, Lilliputian parties play the role of political folklore, which does not mean that formally they do not exist. It is rather that no one is rendering his garments to bewail their excessive number.

Is the Polish political scene really being threatened by fragmentation? Let us consider the brief past and present of three of the little parties originating from various factions of the former opposition.

At some places in the nation's capital wall posters with the characteristic figure of the bison can still be seen. They are the relics of last spring's election campaign of the Conservative Party. That party was formed last February in Warsaw, Slupsk, Opole, and Radomsk, and the membership of its local branches amounted overall to about 120.

From the outset the founders of the new party engaged in disputes concerning, among other things, the question of whether members of the former PZPR [Polish United Workers Party] should be admitted. The divisions became sharper following the elections to local governments, which proved unsuccessful for the Conservative Party. Drawing a conclusion from its limited organizational progress, the presidium of the Open Committee of the Conservative Party resolved in favor of the party's self-dissolution, by the same token ending the existence of the party. Even earlier, the party's leadership decided that its members had the right to be active in other political structures. That resolution was adopted under the influence of supporters of joining the Center Accord, whose orbit soon included a majority of the politically active members of the former Conservative Party.

The Democratic Center association was formed in the spring of 1989. It is situated on the liberal-democratic side of the ideological spectrum. Chapters of the association exist in Warsaw, Wroclaw, and several small cities

in Lower Silesia. It was precisely in Wroclaw, where the idea of forming it had first been conceived, that the Democratic Center counted for a time as a significant local political force (although almost from the outset one weakened by internal dissension concerning, e.g., attitude toward last year's parliamentary elections). At present the association's national membership is reckoned at about 400.

Adam Strug of the Warsaw chapter of the Democratic Center is in accord with the opinion that the association is not a significant force on the political map of Poland. Some people believe that there was a time when the Democratic Center had an opportunity to become a lasting part of our political scene. That would have been possible had its members, some of whom are prominent in the political and local-government world, regarded the Association as the principal forum for their activities. But that did not come to pass. By way of an anecdote, it is apposite to note here that a couple of months ago a periodical had published a rectification from the leadership of the Warsaw chapter of the Democratic Center stating that one of its members is president of the nation's capital Stanislaw Wyganowski, who had previously declared that he belongs to no political organization.

Democratic Center activists took part in the talks culminating in the formation of the Center Accord. Last June the Democratic Center officially resolved to become part of the Center Accord. At present its leaders are chiefly active within the Center Accord. Adam Strug stated that complete incorporation of the Democratic Center into the Center Accord is possible.

Last August the Confederation for an Independent Poland—Democratic Faction [KPN-FD] was formed. The cause of the schism within the original KPN [Confederation for an Independent Poland] was, according to faction activists, the authoritarian attitude of Leszek Moczulski and the absence of a clear-cut political program on the part of the party he directs. The KPN-FD is active in Warsaw, Krakow, Bialystok, and Lublin. It has about 250 members nationwide, which in the opinion of the splitters is equivalent to 20 percent of the KPN's membership.

Some of the Faction's leaders separated themselves from the KPN even before the official schism, forming the Sanacja [Recovery, a reference to Pilsudski's prewar government] Political Group. At the time they wanted to join the Center Accord. But the negotiations failed and they were not admitted. At present the KPN-FD supports Walesa's candidacy for the presidency, and its activists are thinking of a rapprochement with the ZChN [Christian National Union] and the Christian Citizens' Movement.

The foregoing examples are to be considered as quite typical and characteristic of certain processes occurring in our political life. Generally speaking, these processes

consist in that small political groupings of diverse genealogy and varying importance are gradually beginning to feel that their very smallness might be a threat in the sense of relegating them forever to marginal political existence. As a result, at least some activists of these little parties aspire toward rapprochement, and often even integration, with stronger partners who would enable them to survive politically. Sometimes the little parties dissolve themselves on their own. Much more often, they join larger groupings on retaining, in theory, their autonomy and uniqueness. In practice, however, they become moribund, because their leaders focus on becoming active within the larger grouping.

The Center Accord is to be viewed as the principal beneficiary of these processes. A reason is, I believe, the fact that the Accord was formed to counter the forces currently forming the ROAD [Citizens' Movement—Democratic Action], which have long been accused by the activists of small political parties of trying to suppress their organizations by seizing the monopoly on Solidarity. Another factor facilitating the decision to join the Center Accord is the fact that its organizational structure is loose and its program acceptable to a large number of political forces. Not unimportant also is the magic of Walesa's name, which guarantees political victory according to widespread opinion.

Thus, there are no reasons for claiming that fragmentation is taking place in our political life. On the contrary, we are observing processes of integration which, I believe, will culminate in the emergence of three or four major groupings, unless they are roiled by an opposing tendency that might be caused by the adoption of completely direct, popular elections.

Auxiliary Police Force Establishment Outlined

91EP0074A Warsaw GAZETA SAMORZADOWA
in Polish No 28, 14 Oct 90 pp 1, 10

[Interview with Jerzy Zimowski, deputy minister for internal affairs, by Anna Grabowska-Dzido; place and date not given: "A Sheriff for the Gmina"]

[Text] [Grabowska-Dzido] Mr. Minister, this year numerous changes in the organization of the police have taken place. The new police law, which you helped to frame, has revolutionized nearly everything about the police, starting with the name [formerly the militia] and ending with the use of physical force. But it still is relatively ineffective. In this connection, will there be formed an organization which would help the police to safeguard our security?

[Zimowski] Auxiliary police formations will bear various appellations and differ in their powers. One such formation will be the municipal guard. At present the Ministry of Internal Affairs is presenting for public discussion a draft statute of that guard. To this end, sample orders of burgomasters and mayors establishing the municipal guard have been drafted, as have executive orders of the

Council of Ministers defining the guidelines for cooperation between that guard and the police. The Ministry of Internal Affairs would like to consult local self-governments, police personnel, and interested segments of the society about these projects, which could soon afterward be translated into reality.

[Grabowska-Dzido] To whom would the municipal guard be subordinated?

[Zimowski] It will be organized into units headed by commanders who are subordinated to the burgomaster or the mayor. It is they who shall appoint every employee of the municipal guard, and it is to them that the guard personnel will be accountable for its performance. In exceptional situations, as during natural disasters and catastrophes, the guard will be subordinated to the Commanding Officer of the Police, who shall then decide on its tasks.

[Grabowska-Dzido] Will a precinct commander be like the American sheriff, that distinctive defender of local rights who is so well known from Westerns?

[Zimowski] Every commander will have to be a person who is locally liked and respected and familiar with local conditions. But he will not be a sheriff in the literal meaning of the word. He will be appointed by the local government rather than being democratically elected by the inhabitants themselves. He will also receive normal pay. However, the proposed statute of the municipal guard makes no provision for the post of the senior commanding officer in charge of all the precincts. Guard members will be subordinated to local governments and the commander of the corresponding district or voivodship police headquarters will merely provide them with professional assistance.

[Grabowska-Dzido] Will guard members receive a salary?

[Zimowski] Yes. All the expenses of maintaining the guard will have to be defrayed by the gmina [township].

[Grabowska-Dzido] In this connection, will establishing the guard be mandatory?

[Zimowski] Certainly not. The municipal guard will be established only wherever the local government deems it necessary and has the funds for it. We do not even expect that guard to be established in villages or small towns. Quotidian crime problems occur rather in large cities and it is probably there that that guard will be established. If a local government decides that it no longer needs the guard, it may disband it at any moment.

[Grabowska-Dzido] What about the cooperation between the municipal guard and the police?

[Zimowski] Such cooperation will be mandatory according to the draft executive order of the Council of Ministers, which may even provide for a division of labor. The actual effectiveness of each of these organizations will then become clearly evident. If the municipal

guard proves to be more effective, the burgomaster or mayor may reduce the number of police precincts in favor of a larger number of municipal guard posts.

[Grabowska-Dzido] It is possible that the guard's performance will prove more effective than that of the police. In this connection, might not the Ministry of Internal Affairs apprehend discrediting its personnel [the police] in the eyes of the society?

[Zimowski] We are not afraid of this. We even believe that this may be the first step toward a new kind of police. Our aim is that in the future there should be no monolithic state police: the police of the local governments would take over its functions, and they themselves would be established by local governments and be subordinate to them alone. Solutions of this kind exist nowadays in Italy and France, and the situation is similar in the FRG. It should also be borne in mind that textbooks on the organizational structure and operations of the police point out that centralization [i.e., the existence of national police] is a minus and is even a threat in the long run, although at the same time they stress its effectiveness.

[Grabowska-Dzido] What powers will be granted to the municipal guard?

[Zimowski] These powers will be of an order-keeping and administrative nature. The local policeman will be free to verify the identity of people, conduct personal searches, inspect luggage and freight, and detain persons. All this, however, will have to be consonant with the provisions of the Law on Police. These operations will often be in the nature of liaison. Thus, the municipal guard will be provided by the police with means of communication, and while pursuing criminals it can use means of direct coercion (it will be equipped with nightsticks) and chemical weapons [tear gas, mace], but it will not be equipped with firearms. In the event that they exceed their powers, guard personnel will be held accountable on the same principles as the police.

[Grabowska-Dzido] The powers of the guard are quite considerable. Is not your ministry apprehensive that hooligans and thieves watching out for a golden opportunity might not camouflage themselves under the guise of the guard?

[Zimowski] The background of all the candidates will be investigated. Their contacts, living conditions, and past will be verified. In brief, they must enjoy public trust. But impostors, the so-called "radar boys" are found everywhere. In this respect the genuine members of the guard will have a chance to show how good they are. For example, persons with a prison record will not be admitted to the municipal guard.

[Grabowska-Dzido] Does not this discredit the idea of resocialization?

[Zimowski] Unfortunately, such individuals have already exhausted their credit so far as trusting them is

concerned. I do not believe that a person who has once broken a law desires to protect it on his own initiative. Such is my position in this matter.

[Grabowska-Dzido] On whom will fall the duty of training the municipal guard, and who will pay for it?

[Zimowski] The training, in both closely operational and legal matters, will be a duty of the local district or voivodship police headquarters. Our ministry, too, will defray the cost of that training.

[Grabowska-Dzido] Will the municipal guard look somehow outwardly different from ordinary citizens?

[Zimowski] Its members will wear standard uniforms: a khaki blouse, a blue shirt, navy pants, a jacket or a greatcoat, and a hat will be their distinctive garments. But what will matter most is their identity number and a sewn-on patch bearing the city's coat of arms. Besides, one can always demand that they show their I.D.'s.

[Grabowska-Dzido] Who will pay for all that?

[Zimowski] The gmina will have to set aside for this purpose funds from its budget. And if it cannot afford the municipal guard, it does not have to establish it. If it lacks the funds for uniforms alone, for example, it will have to give up the idea of forming the guard.

[Grabowska-Dzido] Given the poor financial condition of their budgets, can the gminas count on assistance from the Ministry of Internal Affairs? After all, the crime rate in poor gminas, too, may be high.

[Zimowski] The municipal guard can always be assisted with voluntary contributions by inhabitants. A partial subsidy from the central budget also is possible, particularly wherever the personnel shortages of the state police are at their keenest. But this will not be easy because at present the Ministry of Internal Affairs itself has financial problems.

[Grabowska-Dzido] At the outset you mentioned that the formation of other organizations in addition to the municipal guard is also being considered with the object of assisting the state police in combatting crime.

[Zimowski] They are, e.g., the local police, who will constitute the local, lowest-level element of the state police. With respect to it, all the rungs on the ladder of hierarchic subordination will be retained. However, local police personnel will not be given firearms and will be unable to engage in investigative activities. Their principal duty will be to patrol their neighborhoods, engage in preventive activities, and observe local crime and transmit the pertinent information to the state police. Its personnel will work at posts whose heads will be subordinated to the commander of the district headquarters of state police.

[Grabowska-Dzido] How [do you] assess the spontaneous initiatives of citizens who, acting in small [vigilante] groups, already are scoring considerable successes, e.g., in Sulejowek or in Jelenia Gora?

[Zimowski] Of a certainty they resemble the former ORMÓ [Volunteer Reserves of Citizens' Militia], as informal units. The purpose of their activities is to protect their own cars, stores, and homes. The Ministry of Internal Affairs is interested in them and assures them of its support. The police too will assist them—by lending them means of communication and providing some financial help to meet the needs relating to their operations. The sole power of such informal groups is to notify the police about a crime or to detain the perpetrators in flagrante delictu. While directly pursuing a criminal they also may disarm him and use the means of coercion available to them.

[Grabowska-Dzido] This looks like citizen arrest, which any citizen can do.

[Zimowski] Yes. These groups are not even allowed to verify identities or conduct personal searches. However, they are free to form associations with the object of scaring off potential criminals by their presence. On behalf of my ministry I can declare support and considerable assistance on our part for such social forms of self-protection. This is an excellent school of future policemen and an example of self-help.

[Grabowska-Dzido] Thank you for the interview.

POLITYKA Weekly News Roundup

91EP0086A Warsaw *POLITYKA* in Polish No 44,
3 Nov 90 p 2

[Excerpts]

National News

[passage omitted]

Two important decisions of the Sejm. It decided that the upcoming parliamentary elections will be held using proportional representation, which protects the interests of the smallest political parties (200 deputies for, 110 against). The law on communications has broken the monopoly of the post office in the area of distributing radio and television programs. Frequencies will be assigned by the State Radio Communication Agency. The law also demonopolizes postal and telecommunication services. The Sejm adopted a deputy-proposed Law on the Return of Property Lost by the Trade Unions and Social Organizations as a Result of Martial Law. Previous proposals called for the return of property only to NSZZ [Independent Self-Governing Trade Union] Solidarity. It places a burden on the union organizations and state bodies that took over the property. Representative of the OPZZ [All-Polish Trade Unions Agreement] before the debate gave the Sejm marshall a letter warning against "the tremendous budgetary consequences of the law."

Emotions surrounding the Media. The National Coordinating Commission of NSZZ Solidarity at Polish Radio and Television gave a vote of no confidence to the leadership and has begun a protest action. The issues are wages and the management system. The Association of Polish Journalists, in spite of its criticism of the law on the liquidation of the Prasa-Ksiazka-Ruch [Workers' Publishing Cooperative], has decided that the work of the liquidation commission should be finished as quickly as possible. The government has been given a series of proposals, including making public according to what criteria the decision on the fate of particular press titles and enterprises was made and developing clear criteria for the sale of the titles marked for sale. President W. Jaruzelski in a declaration for PAP [Polish News Agency] expressed concern at the current situation in the mass media: "It is the right of the Liquidation Commission of the Workers' Publishing Cooperative to make changes ending the previous, unilateral political and organizational dependence. It should not, however, lead to a new, command dependence. I think that out of concern for the interests of the readers, the convictions of the journalists themselves, and the positions of the creative organizations should be respected, and above all it is necessary to take into consideration the long-term interests of society."

The divisions in the Citizens Parliamentary Club [OKP] have not caused the destruction of the club. After the debate, closed to journalists, 120 parliamentarians opposed dissolving the club; only five supported it.

From an interview in SLOWO POWSZECHNE with Father Prof. S. Wielgus, rector of the Lublin Catholic University: "The situation in East Central Europe is such that the Lublin Catholic University is beginning to play an unusual role. At the request of the Apostolic See, but not just, since the historical mechanism is as it is, our university because of its geographical location and substantive competencies is becoming an intellectual center (in certain specific fields of study and research) for this part of Europe." This academic year, more than 100 students from postcommunist countries will study at the Lublin Catholic University.

Walesa has condemned anti-Semitism. "Anti-Semitism is an existence of hate. Let none of the names of hate have access to us, nor to future generations," he wrote in a letter to 300 young Jewish-American activists, who under the United Jewish Appeal visited Krakow on a charity mission.

Jacek Wodz, the director of the Slask Science Institute in Katowice, resigned his position as deputy chairman of the Polish Social Democratic Union (PUSd). "Like many of my party colleagues, I was greatly embarrassed by the support which Tadeusz Fiszbach gave Lech Walesa in the name of the entire Polish Social Democratic Union (PUSd) during this presidential election campaign."

The government confirmed the proposed changes in ownership in the Workers' Publishing Cooperative prepared by the Liquidation Commission of the Workers' Publishing Cooperative. POLITYKA will be transferred to the journalist cooperative formed by the paper's employees.

In its examination of an appeal of the decision of the minister of finance, the Supreme Administrative Court decided that the National Union of Farmers and Agricultural Circles and Organizations did not use monopoly practices in announcing the so-called directive prices for agricultural products each month. [passage omitted]

Opinions

Tadeusz Regiewicz, chairman of the Bielsko-Biala City Section of PAX:

(Interviewed by Janusz Bargiel, KRONIKA BESKIDZKA 18 Oct 90)

[Question] What will PAX do during the first free parliamentary elections?

[Answer] I think we will enter into a political alliance. We have already made contact with the Polish Peasant Party [PSL], with the Democratic Party [SD], and recently also with the Confederation for an Independent Poland [KPN]. We have our maximum and minimum goals. The maximum is to introduce our own representatives into parliament; the minimum is to eliminate the forces of the left in the electoral struggle and to revitalize political life. I think that PAX has always striven to serve national and Christian values, although many times it has damaged the church. But please look at those true Catholics at TYGODNIK POWSZECHNY, who have given PAX a bad image. Now they are in the same ranks with the postcommunists from the PZPR [Polish United Workers Party] in the battle with religion in the schools, in criticizing the law prohibiting abortion. They are one ideological front: the men from TYGODNIK POWSZECHNY, the Citizens Movement—Democratic Action [ROAD], and the former PZPR.

Janusz Okrzesik, Sejm deputy of the Citizens Parliamentary Club [OKP] and a member of Citizens Movement—Democratic Action [ROAD], on T. Regiewicz (a fragment of the interview is printed above):

(From a comment for KRONIKA BESKIDZKA 25 Oct 90)

"One should not dispute foolishness; it suffices to point it out. This gentlemen should take himself to a psychiatric clinic, and PAX should go to a wax museum. I only regret that such people as they, whose psyche Piotr Wierzbicki described well in "A Tract on Lice," are supporting Lech Walesa. That can only harm Lech."

Adam Michnik:

(GAZETA WYBORCZA 27 Oct 90)

"The idea of Solidarity has entered its phase of agony. Lech Walesa is responsible for that agony. I will remain a man of Solidarity to the end of my life. But I am putting the Solidarity emblem, which has accompanied me for 10 years, alongside a few of my most personal mementoes, next to the copies of the court sentences, next to the books which I wrote in prison. I make no secret of the pain I feel. I do not desire, I never desired, to support myself with a symbol that now denotes authority and force. I wore the symbol when it brought sentences, and I do not want to wear it when it announces privileges. I take this as a moment of trial; now we will see what each of us is worth without the symbol."

From leaflets of the Independent Association of Students [NZS] at the Nicholas Copernicus University in Torun, distributed during the ceremony awarding Lech Walesa a title honoris causa:

(NOWOSCI 2 Oct 90)

"In making its decision, the university senate was motivated to a greater degree by the desire to obtain benefits that may result from giving a doctorate honoris causa to the future president than by a desire to honor the achievements of the chairman of Solidarity. The rectors and the majority of the senate have not taken up the initiatives of the academic community to reform the university. In this context, the decision to award the title appears to be a typical example of apparent reform."

Maria Janyszek-Pacuszko, press spokesperson for the board of the Lower Silesia Region of Solidarity:

(Interviewed by Malgorzata Sadowy-Piatek, GAZETA ROBOTNICZA 9 Oct 90)

[Answer] I observe what is happening with great anxiety. Solidarity is decisively departing from its values. I cite to illustrate certain fears, and not just mine, a brief fragment of the recent report of the National Commission which contains many declarations by the regional boards on Lech Walesa's presidential candidacy. The Factory Commission of NSZZ Solidarity from Piotrkow Trybunalski writes: "We rank-and-file members of Solidarity ask you to give close attention to the advisors from the intellectual community since they have betrayed you more than once already and can do it again. Many of them cooperated with the previous communist administrations, which have brought the country to its present ruin."

Jaroslawn Kaczynski, the leader of the Center Accord:

(From an unauthorized record of comments at a meeting with the residents of Bydgoszcz, ILUSTROWANY KURIER POLSKI 5-7 Oct 90)

"Shock privatization through worker stock ownership, frequently criticized, is still only one of the possible ways of privatization. It has the advantage of putting a foundation under the formation of a needed, healthy middle class in Poland. The one which has developed so far has

extremely pathological roots: the *nomenklatura* (moreover, the worst, least honest part of it) and the lumpen proletariat (people making a living by simple theft, or from various other kinds of revolting practices). We cannot accept an important middle class of such quality."

YUGOSLAVIA

Croatian Lack of Contrition for War Crimes Claimed

91BA0085A Belgrade NIN in Serbo-Croatian 19 Oct 90
p 73

[Article by Maks Erenrajh: "Germany and Croatia"]

[Text] On the day of the unification of the two German states, FRG President Richard von Weizsaecker and Chancellor Helmut Kohl reminded their compatriots of the shameful pages in their recent history: the genocide against the Jews and Gypsies. The highest representatives of the German state and the German people, even at such a solemn and joyful moment, could not help but refer to the terrible crimes committed in the name of Germany. Such a reference, a look backward, is not just a matter of civilized behavior: Without a continuing reminder of the genocide and continuing contrition because of it—and both Weizsaecker and Kohl were aware of this—there can be no true democracy, or true moral renewal, or real spiritual healing. The chairman of the German bishops' conference, Dr. Karl Lehmann, was undoubtedly aware of this as well. In his message to German Jews on their New Year, which came just before the unification itself, this prominent church dignitary also called upon German Catholics not to forget their past and their collective guilt for the sufferings of two innocent peoples. Among other things, he said, "Today it is necessary to preserve the remembrance of those terrible events, in spite of some attempts to put a 'period' to history with the unification of the two German states. In searching for a German identity, the past cannot be avoided."

Tudjman's Croatia is neither Weizsaecker's nor Lehmann's Germany: On the day of the declaration of Croatia's sovereignty, neither Tudjman nor any other representative of the highest political and state authority referred to the genocide committed against Serbs, Jews, and Gypsies in the name of the Croatian people and the Croatian state, whose historical continuity they are not even disputing. For the new Croatian leadership, the declaration of sovereignty was an event that necessarily had to forget, although the effect of the Ustasa genocide upon the population and the brutality of the Ustase toward their victims in proportion considerably exceeded the genocidal effect and the brutality of the Nazis. In contrast to Germany, today's Croatia, feverishly obsessed with the affirmation of its own sovereignty and identity, feels that no moral considerations

hinder it from putting a 'period' to the most shameful chapter in its history, one that would horrify all peoples forever.

Comparisons with Germany and the Germans are inevitable. How did Germany, after its collapse, behave toward the Jews? In an extremely considerate manner, which means an extremely civilized one: It did everything that it could, even in the days of serious shortages when things were most difficult even for the Germans themselves, to restore at least to some extent the surviving Jews' confidence in the German people and the German state. How did the Croatian authorities and a considerable part of the Croatian people act toward the Serbs who survived all the pits and scaffolds of the NDH [Independent State of Croatia], or returned to their ruined homes as refugees after the war? Unfortunately, it was in such a way that the unfortunate people for whom the Ustasa state had destroyed everything except for their own lives felt themselves to be not only superfluous and unwanted in their homeland, but even almost responsible for all the postwar troubles of the Croats. Obviously, even after the war the Croats were manipulated, and patiently and systematically handled in such a way that they became morally dulled and lost any sense of collective responsibility for the Ustasa crimes.

Who is responsible for that moral degradation of the citizens of Croatia? It is not any sort of secret: The responsibility is shared equally by all the postwar state regimes in Croatia and by Croatian intellectuals, especially historians, who were more or less unaware that their own people could experience a moral rebirth and moral awakening only if they openly confronted the truth, no matter how terrible it was. One thesis undermined morality most of all: Karadjordjevic Yugoslavia, in other words King Aleksandar's Yugoslavia, sowed the seed of hatred and crime which one day, especially after the assassination of Stjepan Radic, inevitably gave rise to the horrors of Glina, Listica, and Jasenovac. This is an upside-down, warped judgment, the same thing that today would give the Serbs the right to resort to the mass destruction of Croats and Slovenes just because Tito and Kardelj, the builders and sacrosanct rulers of postwar Yugoslavia, were of Croatian and Slovene origin, respectively.

It appears that the Tudjman and Boban version of history, which is aimed at freeing the Croatian people, both the guilty and the innocent, from any trauma and any remorse over the crimes of the Ustase, was only a preface and an alibi for the future policy toward Serbs in Croatia: If Serbs do not have to be considered innocent victims of the Ustasa Croatia, then one does not have to have any concern for them at all in Tudjman's Croatia! In other words, it is necessary to make the Serbs' lives so miserable that they will leave Croatia by themselves, or they will be brought to a point where they will rebel openly and thus expose themselves to severe repression.

Unrejected hatred is extremely destructive: It not only leads to mindlessness, but also lays the groundwork for

repeating the unrepented crime once more. All the measures taken by Tudjman's Croatia, like all those before him, exude unconcealed hatred toward the Serbs, which threatens to end in catastrophe. Probably no minority people in the world is exposed to as much intolerance as the Serbs in Croatia. The genocide during the NDH, surprisingly, was not enough of an outlet for part of the Croatian people, filled with mindless and guided hatred toward Serbs, to free themselves of their pathological obsession. The hatred accumulated even after the war, and transmitted itself like a disease even to that part of Croatia that had kept its reason and whose memory had not been warped, because neither the postwar Croatian state nor the Croatian clergy have ever shown any sincere desire to point out openly the sin of a misguided Croatia. People either kept quiet about it, or drastically downplayed this sin, and thus the unliberated awareness of their own guilt was deliberately channeled into the initial starting points of a genocidal outbreak.

What is the political position of Serbs in Croatia like today? That people is deprived of any autonomy whatsoever, but also of any possibility of finding a common language with the Croats, except at the price of disavowing themselves as Serbs: It is becoming more and more aware that a sort of Chinese wall is gradually but continually being erected on the ruins of Illyrianism and Yugoslavism, between itself and the Croatian population. Because of that wall, the Serbian people has been condemned to feel in today's Croatia as if it were in a big ghetto or a big quarantine. Today, Tudjman's followers, in their national pride, will feel insulted if someone

points out to them the tribal kinship between Serbs and Croats. The Croats are an extremely unique people; they are ready to retaliate, and to them any similarity is a malicious scheme. On the contrary, as Tudjman's followers will continue the argument, Croats are an infinitely different people, and millions of light-years removed from the Serbian people, in spite of the fact that only one ethnic street divides them. If Croatianness is a grain of salt, one of Tudjman's intellectuals recently said, then it cannot be allowed to dissolve in a sea that is not Croatian. It is clear to everyone that today irrationality has pervaded all Croatian institutions, even at a time when both Europe and the entire world are trying to behave as rationally as possible: The Ustasa movement was nothing more than an irrational attempt to restore the Croatian people's mythical ethnic purity, and the Tudjman movement is only an apparently more civilized variant.

It is essential to return once more to the parallel between wartime and postwar Germany, and wartime and postwar Croatia. During the war, Pavelic's Croats far surpassed Hitler's Germans, their models, in their genocide. After the war, however, the Germany of Brandt and Lehmann could by no means serve as a model for the Croatia of Tudjman and those like him: Contrition or acknowledgement of one's own guilt, from all indications, is a courageous and morally elevated act, for which the leaders of today's Croatia are not at all mature enough, in terms of their degree of civilized and religious awareness.

POLAND

Military Academy Reorganization Implications Discussed

91EP0082A Warsaw POLSKA ZBROJNA in Polish
29 Oct 90 p 4

[Interview with Colonel Jan Bogusz, professor and secretary of the Higher Military Education and Science Council, by Major Zdzislaw Lasota; place and date not given: "A Change in Thinking"]

[Text] [Lasota] The entire composition of the Higher Military Education and Science Council has changed. For the first time, a decisive number of members were elected by their own communities. Perhaps, these are not changes for changes' sake?

[Bogusz] I am convinced that this will profoundly influence the work of the council. The military academic and scientific research community has for a long time sought greater autonomy and self-government. Democratic elections of our own supreme representative organ are the beginning of the genuine fulfillment of expectations, aspirations, and needs of the military academic community. The elected council amounts to an express declaration on the increasing role of collective organs representing higher military schools and science and research institutes.

Creating conditions which facilitate a change in the system of thinking of the cadres is one of the most difficult and, at the same time, most significant tasks of the council to date. This is a difficult task. However, in the absence of its thorough accomplishment, the successful building of an army and of a state with parliamentary democracy is out of the question. The reconstruction of the system of military higher learning and the role of scientific research are subjects of particular interest on the part of the council. Our objective is for them to influence the development of a new format for the Armed Forces.

[Lasota] Our readers, mainly the cadets of military higher schools and instructor personnel, are interested in specific actions integrating military education. Less is being publicly said and written about it. To my mind, a certain bitterness is due to incomplete information and poor understanding of the intent of changes and the reasons for the closure of some WSO [Higher Officers Schools], rather than to private interests.

[Bogusz] I believe that it is natural for the interest in tomorrow's model of higher education to also be due to fears about one's own future. The cadres have already had an opportunity to learn from many sources about many planned and introduced changes. For example, they know that the Academy of National Defense has started operations. The Higher Officer School of Army Engineering, which was formed by merging the Higher Officer School of Chemical Forces and the Higher Officer School of Army Engineering, is another new

school. Finally, the process of merging the Higher Officer School of Armored Troops and the Higher Officer School of Mechanized Troops is under way. The Higher Officer Mechanized Vehicle School will train officer cadets for just a few years to come.

The changes made affect only a few military schools and are not comprehensive in nature. Many issues in this field still have to be urgently resolved.

First, it needs to be known whether higher military education is capable of turning out officers who can live and efficiently serve in the 21st century, given the current organizational status, position of officer cadets, skills of the cadres, and financial conditions.

Second, in the event of a negative answer we should definitely have a realistic vision of the model of military education at the turn of the century.

Therefore, this requires a discussion in the military academic community. We are considering the organization of an exchange of views on this topic with the participation of the entire academic community rather than of only the cadres of headquarters institutes, as was the case before.

Many specific problems require a courageous, controversial discussion, not devoid of bold ideas. Among others, these are issues of tasks and functions of higher military schools, the scope and extent of instruction, as well as their connection with the system of national education. We need a discussion on the expediency and opportunities for merging higher military schools and ways to make them autonomous, democratic, and public.

The status of a military academic instructor is a problem which needs to be redefined. In the past, military science employees were not duly appreciated. Among other things, this is the reason why at present there is a shortage of professors in higher officer schools. Not all the WSO's should train B.A.'s and Ph.D.'s. However, the following questions need to be answered. What is to be done in order to speed up the scientific advancement of exceptionally gifted personnel? Who should be given an opportunity to study in Western military schools (and not just Western) and on what terms?

The status, position, and role model of an officer cadet need to be considered. After all, the law guarantees to students at a military school participation in elections, allows them to contract marriage, and even to use weapons with live ammunition. At the same time, they are frequently treated as underage pupils. Should this be so?

Reflecting on the future of military higher schools, we cannot overlook the issues of humanizing the process of training and educating future officers. It is also worthwhile to raise the issue of streamlining the management of this education. Finally, we cannot ignore the discussion of the content of a new law on military education.

[Lasota] Together with Colonel Doctor Ryszard Stepień, you researched the efficiency of training in higher military schools. What should be done in order to increase it?

[Bogusz] Yes, we worked on this topic indeed. In our study, we substantiated the urgent need to replace adaptive education with education based on independent, innovative, and variant-based thinking and actions.

We see opportunities for boosting the efficiency of training military students primarily in perfecting the system of recruitment to higher military schools, in changing values in military educational programs, and in the skillful use of educational techniques and training of the teaching staff.

We are merely at the beginning of profound changes in the system of military education. We may be able to say that it is more efficient when we manage to make young people interested in studies at higher military schools as a path leading to both a military and possibly a civilian career.

[Lasota] In reorganizing military education, we are beginning to draw on the experience of foreign schools not only in the Soviet Union but also in the United States, for example, at the West Point academy.

[Bogusz] This is merely a significant element of educational change in our Armed Forces, but it is also a return to historical tradition. The idea of using the experience of the higher military schools of Western states will make it easier for the cadres to get in touch with the original thought of communities which we know little about.

The space for cadres awaiting guidelines from the top and fearful of standing out is shrinking markedly. On the other hand, considerable need has appeared for officers who are capable of thinking and acting efficiently. Programs containing "the only correct science" do not ensure their training. They do not ensure an opportunity for self-improvement, do not facilitate learning about various theories discussed in modern science, and do not teach them to carry on a dialogue. This may be accomplished by an educational system which will make available various sources of knowledge, differing theories, textbooks, and knowledge which was withheld for decades.

What was impossible yesterday is a fact today. I believe the time is not far away when our cadres will study not only at the military schools of the USSR, Czechoslovakia, or Hungary, but also at the military schools of many Western countries, including the aforementioned West Point. Officers from higher officer schools will certainly be in the first groups leaving for study at Western military schools. They should be the first ones to encounter things which are worth noticing and using under our conditions. It will be more difficult to make changes in the life of the Armed Forces in the absence of changes in the thinking of the teaching staff of higher military schools. Exchanges of the teaching staff, members of officer cadet science circles, athletic and art

groups could be very useful. This does not necessarily require extra funds. On occasion, greater independence and initiative on the part of schools themselves suffice.

[Lasota] In November, the first plenary meeting of the new council will be held. Difficult issues associated with the operation of military research and development facilities and the system of recruiting candidates to higher military schools will be reviewed. The council will also take a position on the draft law on higher military schools.

[Bogusz] Science must search for the truth, whereas military schools must forge the character and civic attitudes of the military intelligentsia. Therefore, we consider the issues of scientific and research activities and the law on higher military schools together because the need exists to adapt both of these fields of activity of the armed forces to the new political, economic, and defense situation.

Success will be achieved by working contrary to the established patterns of thinking. Unfortunately, too many of the latter still linger in the military community as well. I believe that the council operating in its new composition will do everything so that the undertaken reform of higher military schools and scientific research support facilities will not resemble "an attempt by someone inside the bus to give it a push."

A team set up by the MON [Ministry of National Defense] is developing the new law on higher military schools. Taking into account the socioeconomic and defense changes under way, as well as the peculiarities of military education, the authors of the draft propose making significant changes, for example, changes associated with the issues of democratization, humanization, and socialization of military academic life, expanding the rights of the military teaching staff (for example, reducing obligatory teaching hours); electing collective and single person organs of military schools; as well as expanding their rights and broadening the extent of independence in all fields of operation.

The changes will ensure greater autonomy for schools in the field of scientific research, instruction, and science activities. I believe that this will be a law conforming to the dreams and aspirations of the military academic community and the needs and potential of our Armed Forces.

[Lasota] Thank you for the conversation.

Draft Repeives for Sole Family Providers

91EP0082B Warsaw POLSKA ZBROJNA in Polish
25 Oct 90 pp 1, 2

[PAP report on interview with Lt. Col. Ireneusz Czyżewski, spokesman for the Ministry of National Defense: "How Sole Providers Will Serve"]

[Text] MON [Ministry of National Defense] Press Spokesman Lieutenant Colonel Ireneusz Czyzewski told a PAP [Polish Press Agency] correspondent that 24,000 draftees who were determined to be sole providers for their families have already taken advantage this year of the opportunity to defer compulsory military service. This is 13,000 people more than last year; characteristically, among 19-year-olds, the rate of growth amounted to as much as 1,200 percent. The phenomenon of the rapid growth of the group of sole providers for their families is closely linked to guidelines for deferring military service which are currently in effect and, we should add, are very liberal.

In response to numerous public requests, the duration of compulsory military service was reduced from 24 to 18 months. This necessitated more frequent call-ups of more numerous draftee contingents, with a view to meeting demands for needed defense preparedness by the already considerably reduced armed forces. It is also worthwhile to know that, along with sole family providers, more than 140,000 draftees continuing their education, operating farms, and working in professions in short supply are taking advantage of deferment. All of these circumstances caused the emergence of real and immediate prospects for a considerable shortage of draftees for the Polish Armed Forces. Serious difficulties with inducting into the army the number of draftees envisaged in relevant resolutions of the Council of Ministers have already occurred this year. Due to these considerations, it has become necessary to verify the criteria for deferring compulsory service by sole family providers.

The spokesman said that we are aware that this was an extremely difficult decision due to its weighty humanitarian and social aspects, as well as the difficult economic situation. However, it took into account the real

needs of the Armed Forces which are responsible for the status of our country's security.

As is known, it was resolved at a meeting of the Council of Ministers on Tuesday to suspend the execution of the decision on drafting sole family providers into the army until the government determines the necessary strength of the Polish Armed Forces and amends guidelines for inducting draftees into compulsory military service. These issues are extremely significant from the point of view of the defense capability of the country and for developing a proper attitude toward comprehensive defense duty on the part of citizens.

Of course, it is hard to predict at this point what decisions the state authorities will ultimately make. However, we must be aware that we are now facing an important choice. The far-reaching liberalization of the guidelines for deferring compulsory military service, frequently resulting in exempting a large segment of young Poles from defense duty, must entail a considerable reduction of the strength of our Armed Forces. Therefore, future decisions in this matter will proceed from an evaluation of the international situation and the adopted concept of ensuring the security of the state.

In the event relevant studies suggest the conclusion that the Polish Armed Forces cannot be considerably reduced further, the discharge of military duty should become truly comprehensive. This approach was used in Poland in the interwar period; it has also become permanent in many other states where deferment is used sporadically. A return to 24-month compulsory military service is an alternative; he stressed, only an alternative rather than a decision which has already been made, as some newspapers reported yesterday.

The Council of Ministers will certainly make decisions which will reconcile the interests of the state and the citizens.

CZECHOSLOVAKIA

Separatism Viewed as Threat to Economy

91CH0081E Prague HOSPODARSKE NOVINY
in Czech 10 Oct 90 p 6

[Article by Eng. Vladimir Siba: "Separatism Threatens the Economy"]

[Text] We are faced with a task that has no precedent, that of transforming the national economy that is administratively managed through directives and is inefficient, into a market economy. If the transformation is to be successful, bringing prosperity to the economy, it will be necessary not only to devise and approve a number of specific measures, but also, on the basis of consensus, to ensure the consistent implementation of principles and rules in actual economic life. At the same time, it will be necessary to fine-tune the rules on the basis of analyses of their real effect, in accordance with the concept of the reform. In our situation this is a truly enormous task. Therefore I am very anxious that the success of the reform not be endangered or made impossible by provisions in the state legal structure of the Czech and Slovak Federation.

The present market is a world market. To create conditions for a better functioning of the market, the current trends in the world aim toward international or super-national economic integration. The large international companies are unifying conditions for the operation of the market, striving for the removal of customs tariffs, for uniformity of prices, uniformity of taxes, for joint currency measures, for the creation of a uniform currency, for distribution of production programs, for interconnection of electricity networks, etc. The economy demands integration. The more integrated the economy is, the less risk there is of destabilization and of problems arising that will be difficult to resolve.

If the Czechoslovak road to a market economy were accompanied by a total disintegration of the Czechoslovak economy, it would be utter nonsense, directly counter to the interests of both nations. I suspect there has been a serious lack of understanding here.

Among the reasons for having a federation capable of action are economic ones. A federation totally devoid of economic content would, in fact, not be a federation. In the interest of all its components a federation must be strong enough to be capable of creating and ensuring uniform conditions for the operation of the market, particularly in relation to the world market abroad; in implementing a uniform, demanding state policy of equilibrium (in our case an anti-inflationary one), i.e., above all, in the uniformly restrictive policies of state budgets and in a uniform currency policy (credit, foreign exchange, valuta); in coordinating a uniform implementation of the economic reform, e.g., a uniform price and tax policy, a uniform process of denationalization, municipalization, and privatization; the structural policy of the state in setting effective priorities and

cut-back programs in relation to those sectors of the economy that materially create a natural federally uniform system, should be implemented uniformly on the level of the federation.

Without a doubt, the energy policy of the state is just such a federal system. For example, it concerns the structure of energy resources (the proportion between coal, natural gas, crude oil products, nuclear fuels, etc.), which can only be resolved optimally for larger units and on a foreign, interstate level; the strategic proportioning and location of electric power capacities, interconnected with a state-wide electricity network, etc.

When resolving the jurisdiction of our three governments in setting and implementing the economic policy of the state, one must realize that it is not a matter of jurisdiction over the management of enterprises in economic sectors. After all, the denationalized enterprises (category B) will not be managed by the state, that means they will not be managed by any government. The purpose of economic branch ministries will be to execute the denationalization of its branches and then cease to exist.

If the national republics were to have "strong" power in those sectors of the state economic policy that materially require a uniform solution throughout the whole republic, i.e., in the spheres of coordination, methods and rules of the economic reform, and indicative solution of macrostructural problems of federal systems, it would automatically mean a weak Federation and thus, de facto, weak economies in the republics, because we would a priori eliminate the possibility of an optimal solution in the larger economic whole.

For example:

- If the national republics resolved the plan for the price policy differently (perhaps central price corrections, or the currency rate) or for the tax system, it would mean that the Czechoslovak market would split into two separate, smaller markets, and into two especially small economies.

- If we resolved the rules of denationalization and privatization separately in the national republics (e.g., our plans for evaluating state assets were different, or the rules for the administration, creation, and use of the state asset funds differed, etc.), it could lead to an uncoordinated process, to confusion, possibly to the unnecessary sale of state assets below their value, to a decrease in the interest of foreign and domestic capital in investing in Czechoslovakia, which, at this point, would probably be attractive only to downright adventurers.

- If, in the national republics, we separately resolved the state recommendation for structural changes in federally interconnected systems, e.g., in the energy policy on the basis of separate republic fuel and energy balances, it would necessarily lead to a nonoptimal, less efficient solution.

—If, according to the foreign exchange capabilities of the individual republics, we separately arranged imports of crude oil and natural gas on the basis of the republic fuel and energy balances, it would lead to a nonoptimal coverage of Czechoslovak energy consumption and to the weakening of the status of Czechoslovakia on the world market.

—If the policies of the states are to be anti-inflationary, there must be a uniform surplus rate of all state budgets, a uniform restrictive currency policy rate, etc. A different financial policy in one of the republics would necessarily lead to the destabilization of the Czechoslovak crown, and to the necessity for two currencies, in other words to the de facto disintegration of the Federation. In all the above-mentioned cases, the resolution of economic problems from national positions would mean a weakening of the economy and economic destabilization, the natural consequence of which would be, among other things, a limited interest of foreign capital in investing in the Czechoslovak economy.

If state-wide sectors of the state economic policy were not to be resolved uniformly for the Federation within the jurisdiction and responsibility of Federal offices, it would mean the disintegration of the Czechoslovak economy into two smaller economies and to two different economic reforms in them, and thus, de facto, to the nonexistence of the Federation with all the negative consequences for economic prosperity and thus the standard of living in both nations. Surely this is not in the interest of either nation.

The state legal structure of the Federation must be resolved without emotion and without national romanticism; it must be done very soberly, materially, and professionally in such a way that it will create optimal conditions for the success of the economic reform, and for the smooth functioning of the market. Only such a resolution is in the real interest of both nations.

Labor Market, Future Unemployment Problems Discussed

91CH0081C Prague HOSPODARSKE NOVINY
in Slovak 17 Oct 90 p 7

[Article by Eng. Stanislav Konecny, Ph.D., Research Institute of Social Development and Labor, Bratislava: "The Czechoslovak Labor Market: Seven Waves of Unemployment?"]

[Text] Speculations about the development of unemployment in our country have so far mostly been on the quantitative level: Will we have 5-percent unemployment by the end of the year, or will it be higher? Will the percentage of unemployment increase in the near future or not? Will we attain the 2-percent unemployment during the next five years?

One could say that our society has actually already survived the first wave of unemployment with almost no

upheavals and most of us did not even realize it. It was a wave that was created as a result of the change in the article in the constitution about the leading role of the KSC [Czechoslovak Communist Party]. The significant reduction in the KSC organization, the reduction in the number of employees in party education, the removal of the ideologically monopolized teaching of social sciences at colleges and universities, etc.—this all set thousands, maybe tens of thousands of people in motion. Naturally, it would be possible to quantify precisely here, too, but it would probably be more interesting to analyze where this wave was swallowed up—and it really did dissipate with almost no problems. So far, from incomplete, mainly politically motivated signals, we are learning about concentrations of former party-men in some industrial enterprises, about the activities of those with the greatest initiative in private enterprise (where they dispose with obvious capital advantages), and also of their not unimportant orientation in the area of foreign companies' representation in our country. Since, together with the party structures, a part of the security apparatus was also set in motion, especially state security that is used to conspiratorial methods of work, I cannot refrain from pointing out the danger of economic sabotage which could come from these structures during the coming years.

Now we are standing at the threshold of a second wave that is gradually beginning to form; this one is often based on the administrative liquidation of organizational units, sometimes whole institutions, factories, etc., which the superior offices believe to be useless.

Thus a relatively large number of college and university educated experts is beginning to be transferred to the ranks of the unemployed. Most of the past speculations on unemployment did not give sufficient consideration to the fact that it is these unemployed who are a greater loss of potential than the unemployed recruited from less educated groups.

Simultaneously, however, we are also on the threshold of a third wave which, in contrast to the preceding ones, will apparently have its source primarily in production branches. I have in mind workers who will become unemployed as a result of the economic decline of enterprises. Today in Slovakia we know of several enterprises whose liquidity is expected to be sufficient only for months or even a week. Several enterprises got into this situation as the result of long-term lack of planning and inefficient production, low quality of products, as well as a unilateral concentration on specific markets, which are also failing.

The fourth wave will be linked to the conversion of engineering production in the engineering industry and military production as a whole. There will be a partial overlap with the preceding and subsequent waves, which under regional conditions could even mean a change in this order. It is a wave that can be categorized relatively easily both quantitatively and qualitatively. We will

recognize its time, professional, qualification, and sectoral structure. Mastering it should be the easiest and not most difficult task within the framework of resolving the problems of unemployment in our country, as we sometimes hear from the "experts." Here one can turn to a large number of retraining, basically mobility programs, as well as migration programs.

The fifth wave of unemployment in our country will be the wave that results from "major" structural changes in our economy. Obviously it will start gradually, just as the transition to a market structure of our economy will be gradual—but it will not become a true wave until our market completely opens up to the world. World, or at least European, parameters will bring changes in the structure of the branches. The workers in these branches will create a large and long-lasting wave, directed toward the ranks of the unemployed.

But this will by far not be the end of the "tidal surge" of unemployment; it will be from this point that our unemployment will start to resemble present unemployment in Europe. It is at this point that we will reach the sixth wave, which will force workers into the ranks of the unemployed as a result of competition within the framework of an economy that has, in fact, reached structural equilibrium. In this case, the main cause will be technical and technological innovations, which may lead to a decrease in the number of workers in the sectors whose final production has already been asserted, is growing qualitatively, etc. The processes of this wave will apparently develop in our country within the framework of individual sectors: they will not mean changes in the structure of the economy from the point of view of production, but from the point of view of productivity, and thus also of employment.

Finally—and at this point we really are looking at the relatively distant future—there will be one more wave of unemployment, the seventh wave. This will include people who will lose their jobs as a result of the boom development of our economy, which will already be a market economy.

Not until we reach these distant horizons, which are evidently calculated in decades, is there any sense in our speculating about whether there will be 5-percent unemployment in our country or not, etc. Because until then, in our country, we will not have unemployment in the same sense as it is known in contemporary developed Western countries—up to that time, we will merely be heading toward such unemployment. And by that time, our unemployment could have totally different dimensions in our country.

Unemployment must not only have input whereby individuals or groups of people join the ranks of the unemployed steadily or in waves—but it also must have outputs whereby these people, irrespective of their numbers, can return as quickly as possible to the ranks of the employed. With the number of individuals who will have to go through this process during the next few years in

our country, it is impossible to calculate with an automatic decrease, and we must create purposeful and planned processes for the development of employment already now.

Income Problem Amelioration Under Market Economy Explained

*91CH0081D Prague HOSPODARSKE NOVINY
in Czech 17 Oct 90 p 7*

[Article by Eng. Blanka Dybova, candidate of science, and Jana Klimentova: "Pension Security: New Trends on the Horizon"]

[Text] The government of national consensus clearly avowed the objective of initiating a quick transition to a market economy in its program declaration in December 1989. An integral part of this declaration, however, is to find an acceptable way to resolve the attendant (negative) phenomena of the economic reform, based on the principles of social justice and humanity. In respect to pension security, this means that the pension system must be able to ameliorate some negative impacts of the new economic policy, particularly prices, for present pensioners. In the future it will have to reflect a greater differentiation of incomes as well as the diversity of their sources and, last but not least, an increase in the citizens' responsibility for their future.

The present system of pension security was drawn up in the 1950's and the first half of the 1960's, in accordance with the ideas that were prevalent at that time about the structure of society and the central management of the economy and social processes. A static conception of the income system makes it impossible for it to react consistently to political and economic changes. It does not assume initiative by citizens in dealing with social phenomena, curbing consumption in the event of a social happening, cooperative help among the citizens, nor the activity of voluntary citizens, church, or economic associations in resolving social problems above and beyond the framework of the pension security guaranteed by the state. The present system of financing pension security through the state budget is very confusing for citizens and enterprises, and in the long term results in a "residual" approach.

Most of the above-mentioned deficiencies in the current pension security system cannot be satisfactorily resolved through partial amendments, but only through fundamental changes in the whole concept. The main aim of the new concept of the pension security system is not a substantial increase in pension claims within the framework of the state pension security system (this should be made possible for all citizens through the development of supplementary insurance systems). The primary objectives of the new concept can be summarized in the following points:

- to extend the personal and material scope of the security to all citizens (under certain conditions and within certain limits also to foreigners);

- to intensify the principles of solidarity in relation to all citizens and to reflect the life-long incomes of workers;
- to increase the responsibility of organizations for their employees and of citizens for their future by expanding the number of entities who are entitled to pension security over and above the obligatory framework of the state system;
- by separating it from state administration, to open up more scope for autonomous and democratic elements in the administration and financing of pension security.

The proposed new pension security system should be nationwide and based on equality for all citizens; it should be uniform in its structure and regulations, absolute for all social phenomena, commensurate with the needs and personal endeavors of the citizens, it should provide legal and economic guarantees for acquired rights, and should be democratic in the way it is administered: it should recognize social solidarity and public responsibility.

The mentioned requirements will best be realized through a structurally organized pension security system based on a universal state system, obligatory for all citizens and guaranteed by the state. The universal system will provide security for all citizens up to a specific, fixed income level that is a determining factor in calculating the pension. Beyond the framework of the universally obligatory state system, the citizens will be able to increase their pension claims through various forms of insurance voluntarily.¹

The universal state system will apply to all citizens resident in the territory of the CSFR on a long-term basis (special regulations will apply to citizens living abroad for a long time). Apart from citizenship, one of the conditions of entitlement will be the social happening defined by the system. All other conditions of entitlement will be specified in the rules for calculating pensions. Through benefits the universal state system will provide security for all instances when a social happening poses a long-term threat, and when the source of livelihood as well as the ability to provide such a source is lost. Depending on the cause of origin and the corresponding method of resolution, we will differentiate the following situations that are insured by the universal state system: a) age; b) disability; c) loss of spouse, becoming an orphan; d) endangerment of livelihood (economic, health, social); and e) the consequences of work in a hazardous environment.

The concept of pensions in the universal state system will be based on the principle of multifactor structure for calculating the amount on the pension in which:

- the first factor will consist of a uniform basic pension;
- the second factor will be derived from the income level and the number of years of insurance;

- the superstructural factors will entail various health, economic, or social supplementary payments.

A necessary prerequisite for the new structure for calculating pensions is that the individual factors² be expressed relative to the annual publication of the average monthly gross income in the national economy, which will guarantee that the rate of newly granted pensions will not lag behind wage development. Similarly to the newly granted pensions, already disbursed pensions will not lag behind wage development in the universal system. All paid pensions, derived from income (old-age, disability, and inheritance) will be raised regularly, all will correspond to the wage increase, rounded off to a whole percentage point. It is expected that the reassessment will be done once a year. But more frequent regulation is not ruled out if there is a larger increase in wages or, on the other hand, there may be no regulation if the wage growth is slow. The Government of the CSFR, in accord with a notification of the FSU [Federal Office of Statistics] will publish the assessment and the percentage of increase.

The introduction of the new concept of pension security basically cannot be implemented without restructuring the administration and method of financing. The new concept of financing pension security assumes the separation of an autonomous fund (account) from the state budget, which, to begin with, will be created on the basis of current account financing with components of the fund. Revenues to the Fund will be created through contributions by employers, employees, self-employed individuals, and individually insured persons, also from the state budget, and from other sources (interest, penalties, gifts, etc.). The fund will only pay pension security benefits (other social security benefits, e.g., maternity benefits, family allowances, social welfare benefits, etc., will be paid from the state budget and health insurance).

To strengthen the participatory elements in the administration and management, it is also necessary to weaken the administrative monopoly of state offices that carry out social security and to increase the participation of employers, employees, pensioners, financial offices, etc. in its management.

The new concept of pension security is a goal-oriented solution. The process of putting the new concept into practice must not lead to a deterioration of the level of former pension security or to the destabilization of the whole pension security system. The transition to the new system will therefore be implemented gradually in a series of steps. However, considering the newly created social, political, and economic situation in the CSFR, it would not be expedient to procrastinate with the pension security reform, so as to avoid social tension or conflict. Another important factor, which supports the quick introduction of reforms is the anticipated demographic development. Between 1990 and 2000 the ratio between productive and postproductive population should be relatively favorable. Therefore, introducing changes during this period should be easier than during later

periods when a significant deterioration of the ratio between the active and postproductive population is anticipated (the anticipated problem of an aging population after the year 2000).

During the transition period to the new concept, consideration should be taken of present pensioners and citizens who will be affected by a social happening during this period. As a result of the former structure of our society, these citizens did not have the opportunity—through their own initiative and endeavors—to ensure a higher living standard above and beyond the framework of the state pension security system in the event of a social happening. The citizens should be made familiar with the new concept and the schedule of its gradual implementation sufficiently far in advance, so they will be prepared to make use of all options provided them by the structurally organized pension security system.

Footnotes

1. The forms and types of insurance can differ: individual, group, at a state or enterprise system, at a commercial institution, etc. Citizens will also be able to increase the amount of their insurance through savings, buying shares, bonds, they may receive support from territorial offices, etc.

2. The basic pension rate, the maximum income that may be included, additional payment for incapacity, etc.

Agricultural Adjustments Under Market Pricing Viewed

91CH0081B Prague ZEMEDEL-SKE NOVINY
in Czech 25 Oct 90 p 7

[Article by Eng. Oldrich Zavodny, candidate of science, Federal Ministry of Economics: "Agriculture Before Entering a Market Economy: Prices in the Leading Role"]

[Text] In the first part of his contribution (ZEMEDEL-SKE NOVINY, 18 October), the author sketched a rough outline of the role of agricultural product prices in a market economy, of changes in the initial conditions, particularly in the increase in production costs, as well as of the way in which enterprise entities in agriculture will be able to assert themselves in the new economic conditions. In today's conclusion, he explains in more detail in which ways farmers' enterprise will become more complex, and their status more difficult compared to entrepreneurs in other branches.

The farmers will offer their products to buyers at prices that will cover their costs. However, the buyers may not always accept these prices for several reasons.

What Will the Development on the Market Be Like?

Firstly—the market price should cover the agricultural producers' production costs, which are reimbursed by present purchase prices and other supplementary, subsidy-like pricing tools (surcharges on purchase prices,

bonuses, and in part also differential supplementary payments). These supplementary pricing tools, however, at this time are not an element of the production costs in the subsequent processing stage, and thus are also not included in retail food prices. Therefore the price of the final products—food products as well as fruit, vegetables, etc.—which will include these supplementary tools will clearly be "indigestible" for the consumer in relation to his income from work or pension. This will result in a reduction of food consumption. The excess supply on the market will then necessarily result in a price drop for such products throughout the whole chain (i.e., retail price, processors' price, and market price of agricultural products).

Secondly—there is a relatively large number of agricultural producers, and it will increase even more due to the process of privatization. On average, one enterprise entity's share of the market production is less than one half of one percent. For example, compared to the production of automobiles, televisions, or refrigerators, one can hardly speak of a monopoly in agricultural production. And these agricultural producers, considering the present more-or-less excess supply on the market, will necessarily have to compete with one another, including in the price they offer. In areas where production is more intensive, it will make lower costs per production unit possible. Thus, through their supply, they will push down the market price of agricultural products and, as a result, squeeze producers from worse production areas, that is to say producers with higher production costs, out of the market. In comparison to producers of industrial goods, where, for the time being, monopoly prevails, and there is a relatively inadequate supply on the market, the situation of agricultural producers in this sense will undoubtedly be much more complex, and will, in fact, be extremely difficult for producers from less intensive economic areas.

Even if the above-mentioned view of the development of market prices is only one possible alternative of their development, one must realistically take it into consideration. Market prices, in contrast to the present firmly fixed purchasing prices, thus cause a certain degree of uncertainty for a number of agricultural producers, however, if they did not exist and if they did not influence the behavior of producers, it would really not be a market economy.

In the interest of creating at least partly stable conditions for production, and also because many agricultural entities will be forced to reevaluate and change the structure of agricultural production that was established in the past, the scenario of economic reform assumes the implementation of guaranteed prices for some agricultural products.

Why Guaranteed Prices?

To enter market conditions, prices for wheat for human consumption, rye, cow's milk with 3.6 percent fat content, fattened bulls, and quality A heifers, will be guaranteed. These products will be purchased for the guaranteed prices if the market price drops below the prices

level fixed by the state. Therefore, they provide a certain amount of security for agricultural producers, since they will receive at least the guaranteed price for the above-mentioned products. But even the guaranteed prices have certain limitations. Therefore it should not be in the interest of agricultural enterprises to yield to the pressure of the buyers on the market, and accept prices below the guaranteed price. Let us explain these limitations in more detail.

The guaranteed price applies only in respect to quantity, quotas. Because the state will not guarantee that it will purchase an unlimited quantity of the products for the guaranteed price. In 1991 the quantity quotation may be replaced by a financial quotation, i.e., up to the financial sum allocated in the state budget. But in the subsequent period it should be a quantity quotation.

The Market Equilibrium Tool

Furthermore—the guaranteed prices decreed by the state will be fixed at a lower rate than the expected market prices. This means that if purchases were made only at the guaranteed price, the producer would receive less than at a market price created on the principle of equilibrium between supply and demand on the market. And the guaranteed price must contribute to creating this equilibrium on the market. Its function is based on the principle that if the supply on the market is reduced, the market price will rise (and vice versa), and that the guaranteed price will enter the market in order to equalize this market.

Intervention purchases of agricultural products will be executed at the guaranteed price if there is an excess supply and the market prices drop. On the other hand, intervention sales of these products (e.g., milk that has already been processed into a stockpiling product) will occur if the supply drops and, as a result, there is increased pressure for a disproportionate rise in the market price. These intervention measures will not be automatic, but should be mediated by a specific institution, whose activities will also be influenced by the market organizations of agricultural producers.

Information on Economic Conditions

Now let us return to the farmers' demand that they finally be informed of the economic conditions under which they will be operating in the future. In the case of guaranteed prices, this demand is justified, since they should provide some security to 35-40 percent of the total agricultural production.

But is it possible to decree guaranteed prices without establishing the above-mentioned initial conditions, e.g., the basic rate of the Czech crown or a reevaluation of inputs? We would be running a considerable risk that the guaranteed prices would not be fixed proportionately to these initial conditions. Therefore it is necessary to wait before they are decreed. All other branches of the national economy are in the same situation, although the biological character of agricultural production and the

different economic year in agriculture justify the demand for more timely information.

And as far as the prices of other products are concerned, if some are made public, they will truly be used only as orientation for the realistic level on which they could move. They will only serve as nonbinding information for market partners when negotiating contracts on deliveries and market conditions.

Less Justification for Supplemental Payments

From what has been stated above, it should be relatively clear how prices should function in a market economy, and what they will in fact be like. This is an entirely new situation for many agricultural enterprises. Particularly since they will abandon that broad and relatively incomprehensible gamut of supplementary pricing tools, including differential supplementary payments. The latter are not justified in market conditions. The principle of market price cannot apply on the market—and then, next to this, the state would supplement the reimbursement, for example through differential supplementary payments, to enterprises which do not get their production costs through the market price. Similarly, state decreed supplemental payments for better quality, for attaining higher material value, or additional bonuses cannot exist next to market prices. It will be exclusively up to the purchaser whether he will offer the farmers a suitably higher price for better quality or for timely deliveries, or for other services.

What About Enterprises in the Foothills?

Enterprises that operate under worse conditions will certainly object that we will destroy them through market prices. Not at all. However, this could happen to them if the consumer will not be willing or able to buy food for prices that are no longer commensurate with his income, and will cut back on his consumption in preference for the consumption of other products, services, or interests. The much debated limit of marginal conditions in agricultural production will also depend on opening up to the world in relation to food, and on the high efficiency of production. In addition, even under market conditions, some kind of subsidy system, similar to that in all developed market economies will be implemented in our agriculture, and may become a supplementary source of income for some enterprise entities. However, in contrast to the previous practice of flat-rate subsidies, it will be strictly purpose-oriented. Primarily it will be used to support structural changes, development programs, privatization, etc.

The market economy conditions, which agricultural enterprises will enter, will not be easy. Agricultural enterprises have already had some experience with them, after the increase in retail food prices on 9 June this year and the subsequent drop in the purchasing prices for some livestock production. The implementation of liberalized prices as of 1 January 1991 will, however, be a much more challenging step.

The extent of the changes in the initial economic conditions given by the basic rate of the Czechoslovak crown, the evaluation of basic inputs, the foreign trade conditions, etc., will be very significant for the further development of agricultural production. Though they are totally unknown to date, good managers must include them in their calculations already now. Above all, the prosperity of the enterprises and the social security of workers' collectives managed by them will depend on them.

Shortcomings of Law on Small Privatization Noted

91CH0081A Prague HOSPODARSKE NOVINY (supplement) in Czech 24 Oct 90 p 4

[Article by Prof. Jiri Klotzar: "There Are Shortcomings in the Draft of the Law"]

[Text]

Small Privatization:

Recently the daily press wrote about the debate on the law on small privatization in the committees for the environment and for the plan and budget of the FS [Federal Assembly]. There was extensive discussion about "what to do with stocks in privatized shops—the state should not be burdened with them, but we also should not force the buyers at auctions to purchase them for untenable prices. There is also still the question of what will happen with assets that are not auctioned off...if the enterprise that owns it is discontinued." (LIDOVE NOVINY)

The problem of unsalable stocks, or ones that are difficult to sell in the retail network (and in all domestic trade) is well known and therefore it is astonishing that this question was not addressed earlier, and was first raised by the members when debating the law on privatization. However, one should not overlook the fact that the problem of the quality of stocks of commercial goods varies greatly. It is different in foodstuffs, different in fashion goods, different in household goods, etc. Its economic significance is (or can be) different in large and small commercial units, not only from the point of view of the volume of stocks of goods with impaired quality, but particularly from the point of view of the proportion of the expected loss from the sale of these goods to the overall assessment of an attractive sales unit as such.

Under these conditions, the members will probably only be able to resolve this crucial problem of privatization of retail businesses in very general outlines in connection with another open question, based on Section 19 of the draft law.

Retail units that are being put up for sale are an integral part of a state enterprise, their stocks of goods are the property of the state enterprise. Even if the auction is organized by "the responsible agency of the Republic," the assets being sold belong to a specific enterprise. It is

to be expected that not all the units offered for sale at the auction will actually be sold at the auction, and it will often be difficult to assess the stocks of the place of business.

Until a purchase contract is concluded, the auctioned business unit will be the property of the state commercial enterprise, which may continue to operate it.

I expect that we will have to demand the state commercial enterprise properly to shut down its commercial activity. That means that it will exclude the sold retail units from its assets, whereby it will have to make a proper accounting of all commercial activities that concern the sold business unit, including the responsibility of the collective of the sales unit for transacting business with the stocks of goods. Thus the volume of commercial activity of state the enterprise will gradually decrease through the sale of retail units, but the enterprise must exist operationally and legally. All consequences from the sale of retail shops should be projected into the commercial activity of enterprises that have been cut back in this way, i.e., including losses from the drop in prices of unsalable stocks.

Thus the question will not arise as to what to do with the assets that were not sold at the auction, if the enterprise were to be discontinued. As long as a state enterprise has one single shop left, it cannot be discontinued. This aspect of the matter is entirely in the hands of the founder of the state enterprise, who must decide very carefully about initiating liquidation—after all, the founder cannot proceed with blinders on, he must be aware of how the whole process of privatization is being executed in the enterprise. Premature initiation of the liquidation of commercial enterprises would cause chaos and lead to practically unresolvable situations, because economic responsibility for some of their assets would be eliminated. Or is the aim of the law to create such a situation, and to practically release state commercial enterprises from responsibility for former and present disposal over state assets? It is not a matter of calling the representatives of the state enterprises to bear the responsibility for past sins, but properly to shut down specific commercial activity as is customary in normal business life?

What actually happens when an enterprise is liquidated?

All material assets of the enterprise are sold, outstanding debts are recovered, and debts are paid. Simply all assets are turned into cash, so that a liquidation balance statement can be very simple, for instance that the enterprise has its net assets in a bank account.

An enterprise that still has sales units transacting business can start liquidation procedures. Such an enterprise has initiated liquidation, but has not yet been liquidated. The liquidator of such an enterprise must transfer these shops to someone else, or simply close them down and sell the assets in the sales units—equipment and stocks of goods.

There is always, and must always be, an entity that owns the commercial assets.

It would understandably be easiest for state commercial enterprises simply to transfer single commercial sales units that are to be auctioned "to a responsible agency of the Republic" according to a list, and the agency would then arrange everything itself—the auction, contracts, and the settlement of the results. A number of "responsible" officials of commercial enterprises would probably approach such a solution with similar responsibility toward the society as some individuals at the present time operate with cultural and social services funds, or with trade-loss compensation funds.

HUNGARY

New World Bank Loan for Digital Telephone Network Development

91CH0152C Budapest NEPSZABADSAG in Hungarian
27 Oct 90 p 13

[Hungarian Telegraph Agency (MTI) Report: "Another World Bank Loan for Telecommunication Development"]

[Text] The World Bank is providing another loan for the development of the Hungarian telecommunications network. At this time, the loan amounts to \$150 million. Coupled with the \$70 million loan granted earlier, this is the combined amount for the implementation of the \$1.3 billion construction of the digital telephone network system. The agreement will be signed Monday by representatives of the Hungarian Government in Washington.

Paralleling the new World Bank loan, the European Investment Bank is expected to grant \$100 million in support of the program. It was announced at World Bank headquarters that other sources are also expected to provide loans. The new loan must be repaid within 15 years; installment payments have to start only after a five year grace period. The interest rate fluctuates on the basis of credit resources available to the World Bank, and stand at 7.72 percent at present.

In terms of annual averages, Hungary received between \$300 million and \$350 million (\$366 million this year) in World Bank loans in recent years. This is the highest level of loans granted in the Central-East European region. The per capita indebtedness in Hungary amounts to between \$26 and \$27, a World Bank official told the MTI reporter. According to the experts of the institution, the Hungarian economy would not be able to make use of a larger amount in the midst of transformation under the present circumstances.

'Prompt Payment' Restored; Soviet Trading Position Described

Effective 15 November

91CH0176A Budapest NEPSZABADSAG in Hungarian
16 Nov 90 p 2

[Hungarian Telegraph Agency (MTI) Report: "Hungarian Soviet Trade: Back to the Future"]

[Text] As of Thursday [15 Nov] the Soviet Bank for Foreign Economic Activities and the Hungarian National Bank mutually restored the use of the prompt payment term relative to trade between the two countries. This payment term stipulates acceptance of deliveries after payments are made. Beginning on 15 November the Hungarian National Bank once again honors prompt collection orders in the framework of Soviet-Hungarian trade.

Negotiations Produce Meager Results

91CH0176B Budapest FIGYELO in Hungarian
8 Nov 90 p 1

[Article by B.: "New Turn of Events"]

[Text] It appears that by restoring the system of prompt payments Hungarian exporters to the Soviet Union are not directly threatened with bankruptcy at least temporarily, until the end of this year. One may assume that we will never find out whether the interpretation to apply import restrictions to all trade transactions, rather than to transactions over and above the contingent only, was indeed an overzealous measure by the Soviet Bank for Foreign Economic Activities. But some politicians should keep in mind that the Soviet Union is still our second largest trading partner.

All this does not change the fact that with the transition to dollar-based settlement on 1 January 1991 we will say farewell to prompt payment forever. Moreover, we may be doing so under the worst of conditions. The Hungarian government intended to use special means to alleviate the difficulties involved in the transition, and hoped to receive external resources to finance the costs of transition. By now it appears that the proposed lists for future contingents will have to be reconciled not only with the Soviet federal government, but also with the various governments of individual republics, and that either of these could prevent the consummation of a deal. In the course of negotiations last week, the Soviet party supplied a list of product and commodity groups to which no quantitative restrictions applied. The list contained only 32 import, and 22 export items. To put it mildly: enterprise—mainly machine industry—complaints about the ministry not willing to place their products on such lists are odd, because these lists do not constitute obligations.

And the joint sharing of losses stemming from the transition were not even discussed at last week's

meeting. Instead the Soviet Union expressed an intent to repay its short term indebtedness to Hungary, incurred between 1988 and 1990 only in the course of five years. This is where last week's negotiations stand.

Accordingly, actual events resolve the dispute which has been going on among Hungarian economists for over a year: whether a gradual transition should be accomplished or if shock therapy should be applied. The shock remains, with or perhaps without therapy.

United Technologies Plans Discussed

91CH0183A Budapest MAGYAR NEMZET
in Hungarian 14 Nov 90 p 3

[Article by (—racz—): "UTC Has Already Negotiated With Weiss Manfred; American Mammoth Firm To Create New Jobs in Hungary"]

[Text] United Technologies International Corporation [UTC] is one of the largest companies in the world. UTC offers new entrepreneurial ventures, the creation of new jobs in Hungary, according to the firm's numerous leaders at a press conference held in Budapest. Its annual revenues amount to \$20 billion. Each year they spend approximately \$1 billion for research and development. Of their 200,000 employees, 86,000 work abroad. Their best known products are Pratt and Whitney military and civilian jet engines, UT Automotive Parts, Otis elevators and escalators, Carrier cooling, heating, and air conditioning equipment, Sikorsky helicopters, Hamilton Standard guidance systems, and Norden radar and flight control equipment.

Their relationship with Hungary is more than 100 years old. One of their first business transactions was consummated in 1890 when they installed an Otis elevator in the building that housed the Association of Hungarian Writers and Editors. The wood paneled elevator in the parliament building is their product, as are the elevators in most large hotels in Budapest. The air conditioning system installed in the opera house was made by Carrier. Pratt & Whitney had conducted negotiations with the Weiss Manfred firm as early as 1932 concerning the manufacture of airplane engines in Hungary. This plan stalled at the negotiating phase.

In response to a MAGYAR NEMZET question of whether their present plans hold out the promise of more success, we were told that they were looking for an appropriate area to manufacture automotive parts. Whether substantive work can begin will be determined within a month. In the case of a favorable decision, automotive parts manufacturing may begin in Hungary by the end of next year, in the framework of a joint enterprise wholly owned by the Americans. They will train and employ 1,000 people in this plant.

We also learned that negotiations are underway with MALEV [Hungarian Air Transport Enterprise] for exchanging the engines in the Soviet airplanes.

Major Pharmaceutical Manufacturer Privatized

91CH0184A Budapest FIGYELO in Hungarian
8 Nov 90 p 4

[Article by -czy: "Gedeon Richter Stock Corporation Established"]

[Text] Beginning on 1 November, Kobanya Pharmaceuticals will operate as a stock corporation under the name "Gedeon Richter Chemical Works, Inc." Transformation of the enterprise, whose net assets amount to 13 billion [forints], promises to be the largest privatization transaction thus far in Hungary. The peculiar feature of Richter, Inc.'s privatization is that everything is taking place according to the script established earlier by the enterprise council. The enterprise was placed under state administrative supervision in September, and became part of the First Privatization Program.

This year the company's sales volume is expected to amount to about 16.5 billion forints. Of this, \$90 million represents Western export sales revenues, while exports to the East are valued at 245 million rubles. Last year the enterprise recorded 935 million forints in profits. The enterprise is not primarily seeking money as a result of privatization, but counts on foreign investors with a market network, technology, or fields of research.

Twenty-seven proposals were received in response to the tender invitation issued by the State Property Agency [AVU] calling for the development of a privatization plan. The names of the contestants were not announced. Reports indicate that the company had already received two specific offers from Japanese, South Korean, American, French, and German partners.

The corporation's capital stock amounts to 11.5 billion forints. All but 10 million forints worth of stock owned by the AVU. The AVU has an option to buy the stock of the German registry corporation, Pharma Haupt, which has interest in Medimpex. Plans call for privatizing the stock corporation by increasing the capital stock. The par value of the increment will be half the amount of the capital stock, i.e. 5.75 billion forints. No information is available at present concerning the value at which stock may be subscribed.

No full agreement exists between the company and the AVU concerning appropriate timing for, and the manner in which the firm should be introduced to the stock exchange. The AVU director Andras Timar informed FIGYELO that the AVU regards the listing of Richter's stock on the stock exchange as essential, but the manner in which privatization is accomplished must not take place in the form of selling stock on the stock exchange. Thus, it is likely that the company will be listed on the stock exchange only after the capital stock is increased.

Responding to our question, Richter, Inc.'s deputy president, Gyorgy Rak, said that previously they did not expect the AVU to take any action that enhances the possibility of selling the firm. However, the situation has

changed. The AVU previously stipulated at the time the tender invitation was announced that it will retain a 51 percent majority control over the votes in the firm, even if it loses its majority position as an owner. Legal provisions permit such situations, as long as the AVU owns at least one-third of the firm. This protects Gedeon Richter, Inc. from potentially being bought out by the competition, according to the company. The AVU provides further advantages to the industrial partner and reconciles its plans with the stock corporation.

POLAND

Falling Production, Rising Inflation, Deepening Recession

91EP0080A Warsaw ZYCIE GOSPODARCZE
in Polish No 43, 28 Oct 90 p 11

[Article by Marek Misiak: "What Will Happen in the Fourth Quarter?"]

[Text] As the third quarter ended and the fourth quarter began, the uncertainty in the forecasts regarding the economy in the coming months grew. This is shown by the short-term forecasts of the industrial enterprises studied by GUS [Central Office of Statistics], as well as by the new forecasts of certain independent experts.

The Recession Is Deepening

The forecasts gathered by GUS early in October from 200 representative enterprises in the processing industry show that during the period from October to December, production in socialized industry will be as much as 19.9 percent lower than the average in the same period last year. Yet a month ago, a similar forecast covering the period from September to November, showed it would fall only an average of 11.4 percent, compared with the same period a year ago.

The drop in the predicted production occurred in the enterprises which represented most of the important branches of industry. It is also characteristic that it occurred in many branches of industry in which processing made up a large part, for example in the machine tools industry and in the electronics and electrical machinery industries. There was also a large shortfall in forecasted production in the food industry, leather industry, in construction materials, as well as in the garment and textile industries.

Of course, worsening external factors contributed to the change in the forecasts. But other factors (as shown by the opinions collected by GUS from enterprises about the causes of their difficulties and impending dangers) were also responsible for the fact that domestic demand did not rise as had been expected: the withdrawal of purchasers from short-term contracts; the failure of certain domestic retail and wholesale trade organizations to replenish stocks; payment delays, etc.

Prof. Wladyslaw Welfe (University of Lodz Institute of Econometrics and Statistics) predicts that in the final three months of this year industrial production will be lower by 19, 16, and 10 percent, respectively, than last year. And according to Dr. Ryszard Kokoszczyński (University of Warsaw Department of Economic Sciences), by 23.3, 17.2, and 21.8 percent, respectively.

The differences between Professor Welfe and Dr. Kokoszczyński in their assessment of the structure of the branch drop in production deserve comment. Welfe foresees a considerably smaller drop in production in the main branches of the processing industry, including light industry, and Dr. Kokoszczyński believes that the drop in production in these branches will continue to deepen.

Welfe's forecast indicates a 20-percent drop in production in the second half of this year as compared with the second half of last year, which is close to the Central Planning Office's [CUP] forecast after the first half of this year (it assumed that this production will be 29.9 percent lower in the second half of this year than it was in the second half of last year; in the third quarter it was 21.2 percent lower than in the third quarter of last year). Kokoszczyński's forecast, however, shows a 25-percent drop in production in the second half of this year as compared with the same period last year.

Personally, I believe that the actual drop in production in the second half of this year over that of last year will be somewhere between the forecasts of the two scientists and will be about two to three points lower than the CUP forecast after the first half-year. I am also afraid that light industry will be included in the branches of industry which have a larger, compared with Professor Welfe's forecast, drop in production in the fourth quarter.

Both Welfe and Kokoszczyński predict that during the fourth quarter there will be a gradual weakening of the rate of export in return for convertible currencies. Welfe believes that this export in October of this year will be 70 percent higher than a year ago, and 50 and 20 percent higher in the following two months. Kokoszczyński foresees a decline in the growth rate from 87 percent (October) to 71 percent (November) and 14 percent (December). Maintaining an inflexible zlotys exchange rate in settlement of accounts in foreign trade for convertible currencies may indeed have a constraining effect on export. But I believe that the disparity in the rate of growth of this export in the individual months of the fourth quarter will be smaller than both of these scientists are predicting.

Inflation Also....

But does this mean that we should have gone to a more liberal fiscal, credit and wage policy with no fear that high inflation would return? Retail prices in September rose, as final figures from GUS show, 4.6 percent compared with August (food prices rose 3.5 percent, alcohol one percent, nonfood commodities 5.7 percent, services 6.2 percent). This was only slightly less than the Ministry

of Finance had predicted at the beginning of September, although the corrections packet had envisaged that in the fourth quarter the retail price growth index would fall to approximately one to two percent.

At the end of the first 10 days of October, the Ministry of Finance forecast a four-percent growth in retail prices for the current month, and studies of weekly changes in retail prices of food show that in the first week of October they were 2.1 percent higher than in the fourth week of September. Had this rate held for the remaining weeks of the month, it would have meant another price shock. Figures on changes in the price of food in the second week show that they rose 1.4 percent, compared with the first week, i.e., slower than in the first week of September, but still more rapidly than the previous month.

Professor Welfe foresees the following rate of growth of retail prices in the last three months of this year: 4.5 percent three percent, and four percent, respectively, and Dr. Kokoszczyński predicts 12.5, 2.5, and 0.6 percent, respectively.

It does not seem to me that another 12.5 percent price shock was to have occurred in October. But based on the large growth in food prices at the beginning of October, much stronger than at the beginning of September, it may indeed turn out to be higher than in September, reaching five and maybe even six percent. I am also afraid that after this higher October growth in prices, the road to a one to two percent price growth rate will not become shorter, but longer.

Wages in the five sectors, in Professor Welfe's forecast, are increasing from 1,120 thousand zlotys [Z] in September to Z1,165 thousand in October (according to Dr. Kokoszczyński, to Z1,141 thousand); Z1,210 thousand in November (according to Kokoszczyński, to Z1,187 thousand); and to Z1,310 thousand in December (according to Kokoszczyński, Z1,233 thousand. My prediction for the successive months in the fourth quarter: Z1.2 million, Z1.25 million, and Z1.35 million.

The Interest Rate?

Production is falling and inflation is rising. Greater liberalization of fiscal, credit, and wage policy is impossible because it would stimulate inflation, which is already difficult to control. A move in the other direction, with the extremely steep drop in production, is also dangerous.

In raising the interest on refinancing credit from 34 to 43 percent, the banks—which act to reduce the money supply—decided to further stifle demand. But in doing so they are also raising the costs of all economic activity, which will also contribute to deepening the recession.

How will raising the interest rate affect prices? By reducing the supply of money and cutting demand, will a higher interest rate help to slow down the growth rate of prices? Or will its effect on price growth through

increased costs turn out to be greater? Both types of effect will probably cancel each other out to a large degree. But it does not seem to me that a decrease in the supply of money would fully neutralize the effect of the growth of costs. Especially because in the fourth quarter we have to take into consideration a certain seasonal growth of some money flows (not only in connection with remuneration in the five sectors), which will increase demand despite a higher interest rate.

* Prof. W. Welfe's and Dr. R. Kokoszczyński's forecasts on production, export, prices, and wages are published by the Penetrator Stock Company in Krakow.

Slowdown in Unemployment; Women Most Affected

Break in 'Galloping' Rate

91EP0079A Warsaw RZECZPOSPOLITA (ECONOMY AND LAW supplement) in Polish 19 Oct 90 p 11

[Article by Antoni Kowalik: "Unemployment Is Growing, but More Slowly"]

[Text] Unemployment, which had previously been galloping without letup, seemed to lose momentum in the last month. It is true that the general figures reflecting the employment situation for the whole country are greater than a month ago—on 15 October, the number of unemployed rose by five percent and is at present 974,000—but in some regions this tendency toward increase has been broken.

In five voivodships, Poznan, Slupsk, Leszno, Konin, and Bialystok, a small but certain drop in unemployment has been noted. In these five, meanwhile, the increases are very low in comparison with previous experience, being one to three percent (see table). This is a new development on the employment scene. The coming months will show whether this means that employment is beginning to stabilize or that we are dealing here only with a seasonal statistical fluctuation.

The average unemployment index, computed in relation to the number of workers for the whole country, is 5.3 percent while in relation to the total employed in fields other than private farms, it is 7.2.

A new development that is more favorable than before is the decrease in numbers of school graduates seeking employment. While in September an additional 40,000 unemployed graduates were looking for work, now this group has increased by only 6,000. The smallest percentage of unemployed graduates was noted among those from higher schools, the largest, among secondary school graduates and graduates of basic trade schools. This is probably related to the fact that meeting qualifications is easier for those who complete studies.

In general, in the most recent reports from the voivodships, the matter of schooling, courses, and counseling is significantly improved over the previous situation; this

is a large plus for employment offices which had finally undertaken this very important activity. At the labor conference with Minister Kuron, examples were even presented where there were too few applicants for schooling. Thus, for example, in the Tri-City [Gdansk, Gdynia, and Sopot] where a shipyard advertised the need for more than 250 welders, only several dozen were trained. In Warsaw, one course set up for 30 unemployed, was attended by only several candidates. This is an indication of the persistent unwillingness to change occupations, but also of the more active creation of possibilities for employment. This is also indicated by the sharp rise, in comparison with the first half-year, of the number of loans granted from the labor funds to both establishments creating new jobs and to individuals. At the conference it was announced that money is available for such loans.

The consequences of unemployment continue to affect women more than men. For the country in general, there are 10 men for each position, but as many as 40 women

For positions where gender is not a factor, men get preference also because the employer bears a lesser social burden in this case. The unfavorable indices pertaining to women result from the fact that their professional activity was very high in Poland up to this time. Now, when supply is greater than demand in the labor market, it is this professional group that is the first to be eliminated.

October Labor Market Figures

91EP0079B Warsaw RZECZPOSPOLITA (ECONOMY AND LAW supplement) in Polish 19 Oct 90 p II

[Compiled by Anna Sielanko: "The Labor Market"]

[Text] In the first two weeks of October, the figure for the registered unemployed rose by nearly 50,000. There are 61,000 openings for nearly 975,000 individuals. The situation in the labor market varies in the individual voivodships. The details are presented in the following table.

Voivodship	Number of Openings	Number of Unemployed	Voivodship	Number of Openings	Number of Unemployed
Total	61,211	974,469	Nowy Sacz	466	17,688
Warsaw	12,100	21,763	Olsztyn	518	29,888
Biala Podlaska	80	8,362	Opole	881	14,758
Bialystok	908	25,828	Ostroleka	190	13,637
Bielsko-Biala	1,766	16,419	Pila	239	14,552
Bydgoszcz	1,584	34,318	Piotrkow Trybunalski	905	25,436
Chelm	258	6,732	Plock	815	20,248
Ciechanow	454	17,547	Poznan	1,487	18,771
Czestochowa	821	18,086	Przemysl	426	15,017
Elblag	1,689	14,506	Radom	1,249	19,149
Gdansk	3,006	26,574	Rzeszow	278	25,116
Gorzow Wielkopolski	959	17,764	Siedlce	221	13,705
Jelenia Gora	444	20,613	Sieradz	161	12,554
Kalisz	752	21,432	Skierniewice	378	10,783
Katowice	8,319	55,035	Slupsk	605	15,851
Kielce	1,210	34,557	Suwalki	337	22,143
Konin	352	18,885	Szczecin	1,591	15,570
Koszalin	429	19,054	Tarnobrzeg	509	16,622
Krakow	4,795	17,077	Tarnow	506	14,784
Krosno	159	17,081	Torun	770	25,258
Legnica	276	18,068	Walbrzych	668	22,093
Leszno	562	8,466	Wloclawek	64	14,624
Lublin	695	28,930	Wroclaw	2,797	19,585
Lomza	266	14,182	Zamosc	101	12,541
Lodz	2,589	38,546	Zielona Gora	576	23,271

Unemployment Figures for Graduates

91EP0079C Warsaw RZECZPOSPOLITA
(ECONOMY AND LAW supplement) in Polish
22 Oct 90 p II

[Compiled by Anna Sielanko: "Unemployed Graduates"]

[Text] In the first half of October, the number of unemployed graduates rose by 6,000. There are now more than 163,000. The largest group are individuals graduating from a trade school or a secondary trade school. The employment situation of graduates in various voivodships is presented below.

Voivodship	Total	Higher Schooling	Secondary Trade Schools	Secondary Schools, General Education	Basic Trade Schools
Total	163,351	6,890	56,832	18,457	81,172
Warsaw	4,072	452	1,660	628	1,332
Biala Podlaska	1,720	60	595	182	883
Bialystok	4,167	257	1,063	949	1,898
Bielsko-Biala	3,543	146	1,524	625	1,348
Bydgoszcz	5,514	190	1,742	796	2,786
Chelm	1,290	55	465	173	597
Ciechanow	2,904	51	907	269	1,677
Czestochowa	3,140	148	1,188	371	1,426
Elblag	2,494	73	907	282	1,232
Gdansk	4,248	486	2,080	*	1,682
Gorzow Wielkopolski	2,479	60	760	304	1,355
Jelenia Gora	2,184	51	605	221	1,307
Kalisz	3,960	85	1,239	495	2,141
Katowice	9,656	365	3,678	1,364	4,249
Kielce	6,541	383	2,377	788	2,993
Konin	3,817	99	966	521	2,231
Koszalin	2,564	93	956	298	1,217
Krakow	3,768	439	1,484	73	1,772
Krosno	4,012	95	1,147	221	2,539
Legnica	2,581	47	923	205	1,406
Leszno	1,445	48	432	194	771
Lublin	5,477	374	1,890	628	2,585
Lomza	2,162	72	1,069	*	1,021
Lodz	2,722	214	1,529	*	979
Nowy Sacz	4,735	83	1,516	562	2,574
Olsztyn	3,703	131	1,251	487	1,834
Opole	2,361	108	961	310	982
Ostroleka	2,434	39	585	305	1,505
Pila	2,531	54	854	333	1,290
Piotrkow Trybunalski	3,473	70	1,028	444	1,931
Plock	3,062	83	1,260	384	1,335
Poznan	3,226	177	1,095	494	1,460
Przemysl	3,162	63	1,252	286	1,561
Radom	3,582	190	883	452	2,057
Rzeszow	5,482	265	1,721	685	2,811
Siedlce	3,435	70	968	348	1,111

Voivodship	Total	Higher Schooling	Secondary Trade Schools	Secondary Schools, General Education	Basic Trade Schools
Sieradz	2,258	74	686	387	1,024
Skierniewice	2,211	70	769	253	1,119
Slupsk	2,031	52	867	*	1,112
Suwalki	2,855	101	1,046	358	1,355
Szczecin	1,796	70	686	106	934
Tarnobrzeg	3,625	93	1,250	446	1,836
Tarnow	4,288	118	1,413	245	2,512
Torun	3,484	111	1,180	493	1,700
Walbrzych	2,539	74	942	293	1,230
Wloclawek	2,414	60	784	327	1,243
Wroclaw	2,593	206	789	265	1,333
Zamosc	2,650	125	901	314	1,310

Note: * Secondary School, General Education and Secondary Trade School are combined.

Characteristics, Needs of Agricultural Industrial Production Noted

91EP0071A Warsaw RZECZPOSPOLITA (ECONOMY AND LAW supplement) in Polish 8 Oct 90 p 1

[Article by Ewa Zychowicz: "Review of the Polish Economy: Food Will Not Grow by Itself"]

[Text] Food production is essentially influenced by deliveries of the means of production for the food economy, as well as by the structure and quality of those deliveries. The companies which produce the technical resources agriculture needs are going through economic and production difficulties, as is most of this branch of our industry. The machinery in existence is to a great extent worn out, and the technical condition leaves a great deal to be desired.

Difficulties with the means of production exacerbate the fact that the overall agricultural production level is low, compared to the very advanced countries. The mean size of a Polish farm is 5.2 hectares, one-fifth the average of nine Western European countries and about one-fourteenth the average in Great Britain. The number of kilowatts of installed power in terms of farm machines per 100 hectares of farm land is 160 kilowatts, about half the average for the nine countries and about one-third of the FRG figure. Chemical fertilizer consumption per hectare of farm land is 190 kilograms for farms overall, including 150 kilograms for private farms, not much lower than the nine-country average.

The following commodity groups and branches of industry go to make up the production industry which supports the food economy: tractors, farm machines, chemical fertilizers, mineral fertilizers, pesticides, and machinery for the food industry.

Three enterprises are included in the tractor branch. One of these is a company with multiple plants, ZPC Ursus [Ursus Tractor Plants]. It has under it 11 units with separate bookkeeping. Ursus accounts for 86 percent of

production, and other companies account for about 10 percent. Small producers like POM [agricultural State Machine Stations] and TOR [Engineering Service for Agriculture] manufacture spare parts. Forty companies produce farm machines, including two companies with multiple plants. The chemical fertilizers branch has 11 companies, which account for 95 percent of production. The remainder is provided by two plants belonging to other branches of the chemical industry. Seventeen plants in the building and metallurgical materials industry produce lime and lime-magnesium mineral fertilizers. Six organic industry companies produce fungicides and pesticides. The food industry machinery branch has 35 companies in operation, and two of these consist of several plants.

The entire industry has several characteristic features: low fixed asset productivity—very low, in the case of chemical fertilizers—and low labor productivity, along with unprofitable tractor and chemical fertilizer exports to western countries and marginal profitability on farm machines.

In recent years, chemical fertilizers have been the only highly profitable export to so-called second payment [hard currency] zones, but given the changes we will soon be facing in clearing accounts with these countries and the fact that this export is capital intensive and consumes tremendous amounts of materials and energy, this is not an export for the extended future.

The branch providing machinery and equipment for the food industry appears to have decidedly the best future. Production is expected to double by the year 2000. The increase in exports, a rise of about 75 percent in that period, will be directed chiefly to the markets of former socialist countries.

Agriculture's interest in buying tractors, which are produced chiefly on license, declined in January and February 1990. Of the 10,121 tractors produced up to the end of this February, 8,284 have been sold, including

7,556 to Polish customers. The plants still had a stock of 1,215 unsold tractors, or 12 percent of production.

Poland has been cooperating with Czechoslovakia in heavy tractor production since 1983. There are plans to set up joint production of a new generation of these tractors beginning in 1991. Projections are that production will increase to a level of 10,000 units between 1992 and 1995, and the Czechoslovak partner will receive deliveries of 12,000 complete assembly sets [komplet zespolow].

It is projected that between 1991 and the year 2000 over 300 new farm machines will be designed, tested, and then put into production. These machines will permit complete mechanization of tedious, labor intensive tasks, such as tilling the soil, applying fertilizers and pesticides, cultivating and harvesting beets, producing bulk fodder, and harvesting grain and corn, as well as loading and transportation. The manufacture of outdated models is expected to be curtailed as farm machine production is updated. Meanwhile, 30 percent of the goods produced remained in the warehouses during the first few months of 1990. Production was therefore interrupted in many plants.

The production capacity of the nation's chemical fertilizer industry is estimated at 1.62 billion tons per year for nitrogen fertilizers, 965,000 tons for phosphorous fertilizers, and 4.5 million tons per year for lime fertilizers. By the year 2000, production of nitrogen fertilizers is expected to increase to 1.98 billion tons per year and production of phosphorous fertilizers, to 1.17 billion tons, but during the first few months of 1990, all companies producing nitrogen and phosphorous fertilizers restricted their production, for lack of sales.

Pesticide production levels this year and next will depend on agriculture's demand for domestic preparations and on the possibility of importing concentrates not produced in Poland. The program assumptions for 1995 have set deliveries of fungicides and pesticides at 40,100 tons of active substance, 80 percent to be produced domestically and about 270 million dollars' worth of ready-to-use preparations to be imported. Domestic production of concentrated products is not well developed, and most of the technical solutions being employed are outmoded. There are more than 100 items on the list of preparations produced. Half of these are based on modern active ingredients that are imported.

Domestic production of machinery and equipment for the food industry has over 2,000 lines. The technical level varies a great deal from one line to another. Production includes, alongside modern items, outmoded designs which are inefficient in terms of material and energy consumption. The program for development of this branch calls for doubling production by the end of 1990 and meeting demand in terms of quantity and product lines in the dairy industry, grain and milling production, bakery and confectionary industry, sugar

industry, and fruit and vegetable industry. But implementation of this program is seriously behind schedule, because various investment tasks aimed at modernization and replacement of outmoded machinery in the plants have not been carried out.

Thirty-two billion zlotys will be needed for this purpose between 1991 and 1995, including 19 million dollars. By the year 2000, 40 billion zlotys will be needed, including 26 million dollars. At the moment, the level of deliveries of the means of production for the food industry is far from adequate. The market must have a new generation of material and energy efficient machinery. Given the competitive situation enabling a farmer to choose between a domestic product and an imported one, Polish industry must strive to improve its products. It is therefore essential to engage in technical and capital cooperation with foreign firms and to make a dynamic entrance onto foreign markets.

Ramifications of Leasing, Sale of Land to Foreign Investors

91EP0075A Warsaw ZYCIE GOSPODARCZE
in Polish No 43, 28 Oct 90 p 8

[Interview with Dr. Wladyslaw Jan Brzeski, Stockholm Polytechnic, advisor to Deputy Premier Leszek Balcerowicz, consultant on real estate economics, by Henryk Podraza; place and date not given: "Do We Have To Sell Land?"]

[Text] [Podraza] on 29 September the Sejm considered amendments to the Law of 27 July 1990 on Land Management and Real Estate Expropriation. It accepted some and rejected others, thereby ratifying the entire law. Among other things, it adopted a Senate amendment permitting sales to foreigners of Treasury- and gmina-owned land that is either developed or zoned for development. This proved to be a highly emotional issue in the parliament, and it still remains publicly controversial. Some claim that if we refuse to sell land to foreigners, this will discourage them from investing their capital in Poland, while others are of the opinion that the absence of stable laws, mismanagement, and even theft from freight terminals, are in the eyes of foreigners a greater obstacle to investing than the impossibility of purchasing land. What do you think of it?

[Brzeski] I agree that, to do business, businessmen need stable laws more than they need to own land in Poland. After all, in the years past the Western business world cooperated with the communist countries, traded with them, and lent them money, so long as conditions in those countries were stable. I believe that at present, too, Western capital will invest in our economy on condition that it will know what it can count on. Here the question of owning land is not decisive, because it is not necessary to own land in order to manage it. It can be leased on various terms.

[Podraza] In justifying the incorporation of the above-mentioned amendment the Senate declared, "There is a

need for more consistent support of the free market economy by both chambers so far as real estate transactions are concerned." That statement contains the view that unless sales of land to foreigners are permitted, trading in real estate would largely lie outside the market economy. Is that so?

[Brzeski] In the world there exist many models of market transactions in real estate, not just one. There are countries with highly developed market-capitalist economies which prohibit the buying of land by foreigners, and this in no way menaces trading in real estate. That is because the sale and purchase of land are not just sale and purchase of complete ownership rights but also transactions in various rights linked to land, among which the actual sale or purchase of land ownership is only a minor part. Transactions in land leases are extremely popular in the West. If a developer wants to erect an apartment building or a factory building, he need not spend money on buying the land, since he can have his building plans implemented on leased land. Developed capitalism means a pluralism of forms of land ownership by analogy with the capital market, where we have not just pure stocks but also an admixture of loan instruments such as bonds, etc., all with the object of being adapted to different needs. It is a mistake to believe that land sales mean the existence of a real estate market while mere land leases do not.

[Podraza] You said that there are countries with highly developed market economies in which land sales to foreigners are prohibited. Why?

[Brzeski] Countries which have little land do not want to lose it, and so they regulate the forms of real estate transactions permitted to foreigners. Here an important role is also played by the attitude of the public and by traditions and customs. In many countries, and not just in Poland, land sales, especially to foreigners, are a sensitive topic and the governments must reckon with this. Certain countries also protect themselves in this way against competition by financially stronger foreign capital. Had there been no such restrictions, in the poorer countries all land would be foreign-owned, and they do not want to let it happen.

[Podraza] The essence of market economy is freedom of trade, the freedom of purchase and sale of goods. But here we are dealing with a constraint on that right owing to state interventionism. Is this justified precisely with respect to land ownership?

[Brzeski] Freedom of trade concerns ordinary merchandise, whereas land is special merchandise; more of it cannot be produced. Therefore, he who acquires land holds a monopoly in the sense of uniqueness of his investment. Consider the problem of developed land. The owner of land may impede or prevent its development wherever expropriation is not a prime possibility. The capitalist market economy is hostile to monopolies, and hence state intervention in land management and transactions is practiced in most countries as something

natural, as a means of both counteracting monopolies and stimulating housing construction. Every land owner must reckon with the possibility that his right to ownership could be curtailed by the possibility of expropriation.

[Podraza] The Sejm has admitted the possibility of land sales to foreigners. The Treasury and the gminas may, but do not have to, avail themselves of this right. What would you advise them? Should they sell?

[Brzeski] This question has to be resolved depending on the individual case, on considering the related processes worldwide. It will be seen that, throughout the world, little land is sold in downtown areas of large cities, unless the owner is compelled by bankruptcy. After all, everyone knows that the prices of land are steadily rising and to sell it today means ruining it later, whereas keeping the land and leasing it out will in the long run be of a certainty more profitable. In the latter case the owner participates in the rise in land values by charging increasingly higher fees for leasing it. This is being done by both private owners and municipalities and townships throughout the world. In Stockholm, for example, 60 percent of the land—the most expensive land in the downtown area at that—is municipally owned. Recently the Swedish press published an article describing the huge profits accruing to the city budget from leasing that land. And these profits would have been nonexistent had the land been sold. The smart owner does not hastily sell land that could bring him a steady income. And if he sells it to an indigenous investor, the latter could in his turn sell or lease it to a foreigner. By contrast, if a local government needs funds immediately, it finds it profitable to use a lease agreement concluded with a domestic or foreign party as a collateral for a bank loan. Or the local government could issue bonds, etc., with land as the collateral. In this way it will get the money it needs without forfeiting its ownership of land, which is so highly priced nowadays. Leasing also reduces the cost of housing construction and thus serves as an instrument widely used for this purpose.

[Podraza] But would not such a policy of the Treasury and local governments discourage foreigners from investing in Poland?

[Brzeski] I repeat, land leasing is also a market form of land management, well-known in the West. If a Western investor can lease land for a specific period of time and figures that this will pay him, he will make the investment. I know of major investors in the West who are ready to build on leased land. And conversely, hasty sales of land to foreigners may result in diverting a substantial part of foreign capital to speculative land purchases instead of investing in the projects we need. Why go to the trouble of commencing manufacturing or construction when one can instead buy land and calmly wait until its prices rise? It is known in advance that buying prime real estate in the downtown areas of large cities such as Warsaw, Poznan, and Krakow—those being the areas on which the eyes of potential foreign investors are most

focused—is a certain source of profits which could not be achieved by investing in something else! Thus it is more advisable to funnel the attention of foreign capital on manufacturing and construction investments rather than on land buying, if an alternative exists.

[Podraza] For what period of time is land leased in Western countries?

[Brzeski] In Poland the customary length of lease is 99 years. That is a very long period. In the West the lengths of leases vary, being shorter for manufacturing purposes than for purposes of housing construction, with the latter reaching 40 to 60 years. The belief is that such a period of time should suffice for the developer to recoup his investment. Once the lease expires, the buildings become owned by the owner of the land, in return for suitable compensation. Most often, however, the lease is renewed for another, usually shorter, period of time. The leasing agreement specifies the amount of the fees, the procedure for increasing them in measure with the increase in the market value of the land, and the timetable for and nature of developing the land. This compels rapid development of the land, because failure to adhere to the timetable means that the land will be transferred to somebody else. A municipality finds it harder to force the owner of sold land to adhere to these terms, because he can always reply that he has no money, or he can lay the foundations and pretend for 10 years that he is continuing construction. That is another reason why leasing rather than sale of land should be considered as a solution. Leased land is developed more rapidly than owned land if the motive for the latter is speculative profits.

[Podraza] Thank you for the interview.

Changes in Statistics Gathering: More Costly, More Accurate

91EP0077A Warsaw ZYCIE WARSZAWY in Polish
22 Oct 90 p 4

[Interview with Krzysztof Lutostanski, vice president of the Central Office of Statistics, by Malgorzata Pokojaska; place and date not given: "Statistics and the Market"]

[Text] [Pokojaska] The statistical system trails changes under way in the economy. What would you say about it?

[Lutostanski] Such views are frequently encountered in the press, but it is economic theory that is trailing. Statistics depend on the mode of viewing economic problems. At first, it is necessary to know how to analyze them, to translate into Polish the categories present in the statistical reporting of countries with market economies, and to impart to them an economic sense in line with Polish conditions.

[Pokojaska] From 1985 on, you have been publishing national income statistics in the SNA (System of National Accounts) format, as is done in the West, along with national income calculated by the MPS (Material

Product System) method. Therefore, one might think that some work has already been done.

[Lutostanski] We are at the beginning of the road. The recalculation of the amount of income from the MPS to the SNA involves secondary computations performed with large aggregates. Adding the value of services, or 12 to 16 percent, to the national income calculated in the MPS system will not suffice in order to convert it to the System of National Accounts. First of all, accounting should be changed in enterprises, because this does not automatically include services and erases the division between productive and nonproductive work.

[Pokojaska] Would this different approach change the size of national income fundamentally?

[Lutostanski] The result of calculations would be the same or slightly different. However, it is not the final result of research that is the most important but rather the path which takes us there. The SNA system, or rather its European version—the ESA (European System Account), is a set of accounts and statements prepared with a view to showing a complete, systematic, and relatively comparable picture of economic activities in a given country. After all, these activities consist of millions of various transactions into which units of incredible variety enter. All of them should be classified, i.e., grouped and aggregated, that is, merged into a limited number of basic categories. Categories should be selected so as to obtain through their use complete information necessary for economic analyses and projections.

[Pokojaska] When can we expect precisely such statistics?

[Lutostanski] We have already made preparations preceding the introduction of the System of National Accounts. Sample calculations based on data for last year will be made in the coming months, and beginning in 1993 they will be made systematically in an expanded format.

[Pokojaska] What will happen with statistics before 1993?

[Lutostanski] Before we embark on doing expanded accounts we must prepare adequate tools. At issue are new classifications which meet international standards. They should be translated and subsequently adapted to Polish conditions. However, there is no single standard; there are 61 classifications endorsed by the UN or the EEC. Every country uses slightly different classifications, while some classifications are used only for the needs of international organizations. We are already past the translating stage, but there are difficulties with identifying our economic processes and institutional units, that is, adapting to these new categories, as well as segregating them in keeping with the SNA-ESA requirements.

[Pokojaska] Will something change in statistics next year?

[Lutostanski] In January, the European classification of types of economic activities takes effect instead of the Classification of the National Economy. This is an

activity-based system, unlike the old [organizational] unit-based one. For example, until now there have been difficulties with entering industrial production at a construction enterprise. In the command and directive model of management, there was a need for statistics to conform to the plan for obvious reasons, and enterprises had the duty to inform the statistical office of the result of their operations. Statisticians aggregated and processed these data. If there was a mistake somewhere it was only because every enterprise had something to hide.

[Pokojska] These precise surveys covered only socialized enterprises. Information concerning the operation of private enterprises was and still is extremely skimpy.

[Lutostanski] The fundamental change which is about to occur will be based on the entire economy being covered by statistical surveys evenly, without regard to the forms of ownership. Of course, nothing comes free of charge. Observing many units, frequently very small ones, must entail the expansion of representative surveys. Along with mandatory reports there will be questionnaires filled out by census takers paid from the GUS [Central Office of Statistics] budget. Statistics will begin to be more expensive. More than 300 people have been gathering information on prices throughout Poland since the time centralized price-setting ceased. This is indeed a large undertaking. Besides, we will have to resign ourselves to estimates. Final accounts of national income in the FRG are issued by the statistical office five years after the period evaluated. In Poland, the situation is less stable, regulations change from one month to the next, but statistics need to be published promptly. This necessitates better technical outfitting of the office, and, once again, greater expenditures. A greater frequency and pace of surveys, as well as covering the private sector by such surveys, costs money. Frequently, this does not amount to an actual growth of costs but rather to transferring them from reporting units to the GUS budget. In the process, their costs have never been precisely separated whereas our budget is analyzed very scrupulously.

[Pokojska] Statistics have never been very credible in our country. Will switching from comprehensive surveys to representative surveys exacerbate the skeptical attitude towards GUS data?

[Lutostanski] The chairman of the International Institute of Statistics himself maintains that no society believes its own statistics. We are regaining credibility primarily with foreign statisticians by switching to European classifications and methodology, and frequently by merely explaining better the method we have used for a long time. The rules of European statistics are being developed under the auspices of the European Conference of Statisticians. A Pole, Dr. Jozef Olenski, is the chairman of the working group. In general, the methodology of Polish statistics did not give rise to major doubts, only the sources. We can boast, for example, surveys of family budgets. As far as our consumers inside the country are concerned, we respond to their requests

promptly. We prepare in two months the data which the Germans or the Americans work on for two years. We try to make the results of surveys as easily accessible as possible. For example, this is what STATYSTYKA POLSKA, a supplement to RZECZPOSPOLITA, accomplishes. Obtaining the opinion of readers on these publications provides an opportunity to respond to doubts.

[Pokojska] Doubts appear when people compare their earnings with the data published by the GUS.

[Lutostanski] The GUS publishes averages. About 20 percent of enterprises account for the high average for industry. Earnings at these enterprises are higher than average. For their part, about 60 percent of employees get wages which are lower than this level, hence the feeling that something is not right. It is a different story with prices and the cost of living. An increase in the price of some product, electricity, for example, is spread over all goods purchased by the populace. If, in addition, it occurs on the 25th day of the month, it will determine only one-sixth of the price of electricity. As a result, the monthly growth of prices will amount to two or three percent rather than 100 or 50 percent. In the following month the average price of electricity will be higher sort of through momentum, this time without an increase.

[Pokojska] A substantial majority of enterprises on the "List of 500" have very high growth rates of profitability. Compared to the condition of our economy this causes surprise at the very least.

[Lutostanski] The "List of 500" certainly will not be published anymore in the format to date, because we are abandoning the principle of making data available on individual units. From now on, only the enterprises which so desire and prepare appropriate data will be ranked. As far as the list for this year is concerned, it included last year's data. Inflation undoubtedly influences the financial results and profit margins of enterprises. A similar phenomenon occurred in the first quarter of this year. Old prices for raw materials in combination with new prices for finished products could not but generate windfall profits. However, it is interesting that this year we once again recorded a considerable increase in profit margins, despite the mechanism of inflation not working with the same force it did a year ago, with the exception of the first months.

[Pokojska] Therefore, why is it so bad if it is so good?

[Lutostanski] Profit margins calculated as ratios of financial results to cost increased, which is not to say that all bills were paid. In addition, despite the increase in profit margins, 129 zlotys in profits remain at the enterprises for every 1,000 zlotys of product sales—the same number as a year ago. Everybody suffers due to the shortage of cash. Those who can do it raise prices in the hope that this cash will ultimately get to them. Some of them reduce output, increase prices, and finance current production with the proceeds, conserving in this manner the bank loans which are still quite expensive, although [they are] getting cheaper.

[Pokojska] And where is the money which nobody has?

[Lutostanski] After a change in the market situation, trade is in a stronger position. It does not have to make purchases. Stocks in trade have declined. Industry must sell, but it is not always able to. Stocks in industry have increased. This is one source of tied-up cash. In addition, we should keep in mind the budget surplus and the real rate of interest which generates profits for banks.

[Pokojska] Who do you compile statistics for? All of these statistics are not particularly useful without comments.

[Lutostanski] We compile statistics for all those who want to use them, increasingly for businessmen and enterprises. Difficulties with the interpretation of statistical data occur throughout the world. There are consulting companies which explain statistics to businessmen; they are virtually nonexistent in our country. However, I think that this will change. A regular market, that of information and consulting, will come about in this sphere as well.

Data on First Seven State Enterprises Slated for Privatization

91EP0072A Warsaw *RZECZPOSPOLITA (ECONOMY AND LAW supplement)* in Polish 5 Oct 90 p II

[Article by E.S.: "Avenues of Privatization—Rapidly and Judiciously"]

[Text] The laws on the privatization of state enterprises and the creation of the post of minister for ownership transformation created a legal foundation for ownership transformations and paved the way for the organization of the ministry which will initiate and oversee them. The new ministry already has a charter, staff positions, and a salary fund. It also has draft budgets for this year and for the coming year.

This year, the operations of the the new office will focus on continuing the undertakings upon which the Bureau of Government Commissioner for Ownership Transformations has embarked. As is known, it began so-called capital privatization which consists of replacing enterprises with one-person partnerships of the State Treasury and making stock available to purchasers.

Initially seven good enterprises of varying sizes were selected for privatization (their list and features are given in the table below). They were transformed as of 1 October into one-person partnerships of the State Treasury. The shares of these enterprises will be offered for sale (by subscription) in November and December. Employees of the enterprises will be able to purchase some of the shares on preferential terms; some will be bought by the owners of state bonds; some will be made available to foreign buyers; and the rest will be offered at issue prices to cash buyers inside the country.

The privatization of four more enterprises—the Swarzedz Furniture Factory, the Garment Industry Enterprise in Bytom, the Loudspeaker Manufacturing

Plant Tonsil, and Otmet—will begin in a similar manner, perhaps as early as this year.

The progress of the first privatization on such a scale will give an indication of the capacity of the domestic stock market, according to which it will be possible to compile a privatization program for next year, to estimate how many shares can be sold for hard cash, and [to determine] what the segment of shares is for which other privatization techniques will need to be applied.

The Ministry for Ownership Transformations remains in touch with over 100 large enterprises which are considering the possibility of privatization next year. Thirty-eight large companies have a real opportunity to do so.

Next year, the main objective of privatization is going to be to streamline the decisionmaking process in enterprises which will remain state enterprises for a certain period of time and to rapidly establish owners at privatized enterprises.

The commercialization of state enterprises will be based on transforming them into one-person partnerships of the State Treasury and establishing boards of directors which elect the management. The boards of directors will consist of representatives of the work forces (one-third of the composition), the State Treasury, and public groups. In commercialized enterprises, wage-fund controls will be more liberal. The ministry is already beginning to recruit candidate board members who may report in person to voivodship administrations or be nominated by professional and social organizations. Candidates selected from among those nominated will be trained in the sphere of knowledge necessary for members of the boards of directors.

Small- and medium-size enterprises will be privatized by the method of liquidating state enterprises. It is unknown so far what the extent of this form of transformation is going to be. This will depend, among other things, on whether simple methods can be found for the appraisal of assets. However, apprehensions about selling something cheaply on occasion may cause greater economic losses than the loss of benefits due to the understated evaluation of assets.

So far, the ministry has received 200 requests, and new requests continue to arrive. One hundred and fifty of the requests filed were deemed fit for beginning privatization proceedings. Minor privatization may be speeded up by the use of State Treasury loans for buying out the state capital entrusted to partnerships, including employee partnerships.

The capital method will be dominant in the group of large and largest enterprises. These enterprises account for only seven percent of the total of Polish industry, but turn out 45 percent of nationwide output. Therefore, a particularly profound analysis and evaluation of assets should precede their privatization in order to prevent foreign buyers from acquiring them too easily.

Data	Exbud, Kielce	Silesian Cable Factory, Czechowice-Dziedzice	Glass Plant, Krosno	Fampa, Jelenia Gora	Metals Rolling Plant, Warsaw	Prochnik Garments Industry Association, Lodz	Meat-Packing Enterprises, Inowroclaw
1989 Sales (in billions of zlotys)	137.0	45.0	67.0	17.3	59.7	36.5Tc—	
Experts	Coopers and Lybrand, Multiexpert	Sankt Annae Bank	Schroeders, Moore, Stephens, Amhurst, Brown, Glomboth, Proinvest	Rotschild, Arthur Andersen, Access	Barclays, Coopern, and Lybrand, PIC, Proexim	Morgan Grenfel, Economic Consultants	Polexpert—Warsaw
Reorganization into a partnership	Late Sep 1990	Late Sep 1990	Late Sep 1990	Late Sep 1990	Late Sep 1990	Late Sep 1990	Late Sep 1990
Method of privatization	Public offering	Public offering	Public offering	Offering to selected investors	—	—	By invitation to negotiate the transaction of selling a majority share
Subscription and sale	Nov-Dec 1990	Nov-Dec 1990	Nov-Dec 1990	—	—	—	—
Future ownership structure:							
Employees ownership	10-15 percent	10-15 percent	10-15 percent	10-15 percent	—	—	—
Public ownership	70-75 percent	60 percent the Polish public	85 percent	A substantial minority share for a foreign investor, the rest for active Polish investors	—	—	
Active investors	15 percent	30 percent the foreign public	—				
Progress	Studies completed, work on the prospectus	All reports ready	Final reports in Oct 1990	Reports ready, international bidding under way	Difficulties have developed; privatization deadline moved to 1991	Considerable share of reports prepared by the Polish consulting firm; privatization deadline is 1991	Economic and financial study and appraisal of the enterprise completed; privatization deadline is 1990

Chamber of Commerce: Structure, Potential for Legislative Lobbying

91EP0069A Katowice TRYBUNA SLASKA in Polish
31 Oct-1 Nov 90 pp 3-4

[Interview with Andrzej Rajpert, president of the Katowice Chamber of Commerce and Industry and secretary of the National Chamber of Commerce, by Alicja Ogieglo; place and date not given: "A Practice Exercise for Big Business"]

[Text] [Ogieglo] What, in your opinion, is the significance of the large number of organizations comprised of private economic units? There are several chambers of commerce, the crafts chamber continues to exist, and there are also other types of associations (private trade

and services, transport, etc.). All of them occupy themselves with private business, which, as a matter of fact, continues to be weak.

[Rajpert] The large number of organizations made up of economic groups indicates that, indeed, private business continues to be weak and is not yet full represented. The existing law on chambers of commerce is to blame for this, as is the inability to form a lobby, so necessary in every case.

But let us begin at the beginning. The Katowice Chamber of Commerce and Industry is the No. 1 entry in the register of chambers in the Regional Court in Katowice. We thought about a similar association of private business as early as 1987, when privatization and free market reforms were still a long way off but limited liability and stock companies were already being formed. As soon as

there was a slight possibility of forming a chamber of commerce, we were ready. What we wanted to do was to create, at least partially, an economic self-management, which would represent the private enterprises and limited liability companies which were being formed in large numbers a year ago. Meanwhile, the new provisions of the law put the chambers in a position of being more like a voluntary association, than like a chamber of commerce which has important duties to fulfill inside the business community and should represent it on the outside. Hence such a multiplicity of various types of small or large—but still not very effective—chambers. The active members of almost all of the chambers are aware of this, as most certainly are the representatives in the National Chamber of Commerce [KIG].

[Ogieglo] Precisely. You are the secretary of the National Chamber of Commerce and the head of the group which has the task of preparing the materials to amend this law. Does any one concept of changes to be made predominate?

[Rajpert] Chambers of commerce in the West are based on completely different principles. Perhaps some people believe that introducing these principles in Poland will be a blow against democracy, because one of the leading principles in the West is compulsory membership of all organizations. But also, in exchange for the "deprivation" of the our long-awaited freedom of action, the Western chambers offer something concrete: they defend, protect, sponsor, facilitate international contacts, etc.

All that we have been able to do so far is to organize, which is also important. Our chamber, for example, has 100 members. Unfortunately, some of them are passive. Everybody asks, and rightly so, what will membership in your body bring me. Naturally, we are trying to respond with concrete proposals, e.g., an offer of assistance and training, most needed at present. We know that they are interested in matters of taxes, exemptions from taxes, tariffs, everything concerning international trade transactions—drafts, checks. We have also arranged training on the subject of credits and meetings with representatives of the World Bank. We know that we must first show our members that despite various problems, it is worthwhile for them to belong to the chamber, because all of us, without exception, need to know how a free market economy and all of its institutions function. Where necessary, we intervened with the State Treasury and then with the Ministry of Finance on the matter of the tax on above-norm remuneration and employment limits. We now believe that the rent policy of our territorial self-governments requires certain interventions. But all of these actions are still of the intervention type and not the activity of the commerce and industry chamber which we saw for ourselves when we were abroad.

[Ogieglo] Did you witness the actual operations of chambers in the West?

[Rajpert] We became acquainted with the activities of the chambers of commerce in the West through the initiative of the KIG. Thus we took advantage of the invitations extended to us by the boards of many chambers in Austria, the FRG, and the Netherlands. I became acquainted with the structure of the Federal Chamber of Commerce in Austria. The law on chambers there is the most far-reaching, because the Federal Chamber has the authority that our market ministry has. Our plans for legislative changes, therefore, aim in that direction. The idea, very simply, is to make use of European examples. There, all economic entities are registered with the chamber and all matters are settled—credits as well as promotions. Marketing assistance is obtained. And we intend, in the Polish chambers, to set up "intelligence departments," which would have a complete set of information on the economic entities. We even have a concrete offer from one of the Dutch chambers, which is giving us a computer and will computerize all of the firms, therefore the information about them will be available very quickly.

Naturally, compulsory membership will not be dictated by a desire to subordinate the economic organizations to the chamber. It is simply for the purpose of subjecting them to the rules of honest competition. The dues, however, would have to be included in the firm's costs, or following the Western example, come from part of the taxes which the enterprises pay.

The chambers would have three branch departments: agriculture, crafts, and commerce and industry. The Polish Chamber of Foreign Trade has also been merged with the KIG and forms one of the chamber's committees. Its regional sections will be merged with the local chambers.

The KIG leaders have already held a series of talks with the heads of the ministries of interest to us, and also with Deputy Prime Minister Leszek Balcerowicz. The need to change the Law on Chambers was met with understanding. We intend to prepare the assumptions of the changes by 5 December 1990, so that the Economic Committee of the Council of Ministers can still in December acquaint itself with them and include them in the legislative changes planned for the beginning of next year.

In the West, the chambers are totally independent of the administrative government and have an enormous economic potential. A Congress of European Chambers of Commerce, belonging to the EEC, was held recently in Duesseldorf. For the first time, delegations from the communists countries were invited. I had the pleasure of representing our chamber, together with its president, Andrzej Arendarski.

[Ogieglo] What did the Congress deal with? After all, it is said that we have a chance at belonging to the EEC in 10 years, not earlier. Was more courtesy shown to us during the Congress?

[Rajpert] Minister Syryjczyk's report on the economy of our country was listened to with interest. I do not believe that this was just courtesy on the part of our hosts. After the panel meetings, we were received by Johannes Rau, minister-president of North Rhine-Westphalia. He talked about European integration with the participation of Central European countries. All the delegations were received by the Minister of Foreign Affairs Hans Dietrich-Genscher. But since we are to enter Europe sooner or later, we must also have our private business legislated and organized—and not just private business—according to the European standard, and we should do everything we can in this direction.

[Ogieglo] In addition to organizational meetings, some concrete economic meetings are probably being held also. A large number of delegations are arriving in Poland every day. Does the KIG learn anything from them which would help its members?

[Rajpert] At the beginning of this year when there was no KIG (it was registered on 15 February), delegations of businessmen often could not find anyone to listen to them. Now, fortunately, even if they do not have appointments, they always come to the KIG, and the reverse, every trip our government representatives make, our members are present. On 1 November a delegation will leave for the Republic of South Africa. I, too, will be a member of it. We want to pave the way for regular mutual economic contacts. The delegation will be made up of a large group of businessmen—directors. We do not yet have all of the details of the visit. We will see what our hosts propose.

[Ogieglo] In that case, we will continue this conversation after the Polish delegation returns. Thank you for the interview.

YUGOSLAVIA

Serbian Law on Public Enterprises Discussed

91BA0092A Belgrade BORBA in Serbo-Croatian
5 Nov 90 p 5

[Article by D. Sverko: "The State Protects and Decides"]

[Text] Although the state's need to be concerned with goods of general interest is cited as the reason for passing the law, there are indications that the state is reaching out its tentacles too much; the question of who will be organized as a public enterprise is still open.

The adoption of the Law on Public Enterprises by the Serbian Assembly 10 days ago—by the unanimous decision of the delegates—received relatively little notice. This was caused, of course, by certain other laws in the package associated with our western republics and the Federal Executive Council, which drove it a bit into the background. This is a law, however, which fundamentally changes the position of certain parts of the economy, because it determines which parts of social

property are to be transformed into state property. The need to establish the principles for equal protection of all forms of property and goods of general interest, in accordance with the Constitution, is cited as the reason for passing the law. On the other hand, however, there are indications from some experts that the state is thus reaching out its tentacles too far into this part of the economy. The truth, as a rule, is somewhere in the middle, and it remains to be seen what changes the law will bring. So far public enterprises have been founded in Serbia in the areas of the electrical industry, postal, telephone, and telegraph services, railway transportation, forestry, water management, the transportation industry (for highways), and also in the area of municipal services, but on the basis of this general law, specific laws on the formation of public enterprises have yet to be adopted.

In explaining the law, it has been stated that the establishment of the present public enterprises did not achieve the necessary organizational unity, resulting in a more difficult situation in the operation of these organizations.

We asked Djordje Rosic, a member of the Executive Council of the Serbian Assembly and the coordinator of the work in connection with the adoption of this law, how the law left room for the establishment of public enterprises in certain strategic industries, and for whom the "coupons" were intended. We received the answer that this was a matter for the experts. That the whole matter has not yet been worked out, however, is indicated by the fact that on one hand, Djordje Rosic emphasized that this law also applied to the entire oil industry of the Serbian Republic, while Gavrilko Filipovic, the deputy general director of Jugopetrol, answered several days ago, surprised by our invitation to talk about this subject, that he did not know what to say, because Jugopetrol was not among the group that was covered by this law.

It should be mentioned that even at the Serbian Assembly session itself, a JAT [Yugoslav Airlines] amendment calling for the airline industry to be left out of the group of industries in which the establishment of public enterprises would be mandatory, was rejected.

Public enterprises can operate with funds that are state property, as well as social, private, and other forms of property. As the law further states, public enterprises that are founded and operate exclusively with state-owned funds are managed by the state in accordance with the law. In public enterprises that are founded and operate by means of state-owned and socially-owned funds, the state will exercise its right of management on the basis of the proportion of state capital within the public enterprise's total capital.

What will that mean in the case, for instance, of radio and television, and will the state have the final word in the flow of information in proportion to its capital?

Rosic answered this question affirmatively, adding that this was the usual practice in the rest of the world as well.

This law, as was stipulated in any case by the Law on Enterprises, gives greater rights to the director and to management. A supervisor has broad authority, and strong marketing services are provided for within the framework of these large systems. Until now, according to Rosic, there has not been an appropriate linkage between certain activities and the corresponding parts of a support industry. It is believed that the establishment of public enterprises will bridge this gap.

A strong state influence is also indicated by the following articles. To be specific, it is stipulated that when the state is the founder of a public enterprise, the director is appointed and dismissed by the state body specified in the founding act. The state body, in order to ensure that the public interest is protected, approves the public enterprise's statute, the selection of a director, changes in the statute, increases and reductions in the principal, and the criteria for the distribution of profits. It is furthermore stated that the founder, in the event of disruption of the enterprise's operation, can take measures to ensure conditions for changing its internal organization.

Public enterprises can be linked by means of capital into so-called holding companies in order to unify their functions and link their interests.

Finally, Rosic told us, in passing this law the Serbian government is changing its style of work and turning

more and more to experts and professionals. According to Rosic, it is precisely this turning to the experts that guarantees that there cannot be any abuses by state bodies and that profits will be the only guiding star in the operation of these large collectives.

[Box, p. 5]

JAT Does Not Give In

In an amendment seeking to have air transportation deleted from the proposed law on public enterprises, JAT stated that despite certain advantages, such an organization would have a negative impact upon the operation and development of this industry. Air transportation, its conduct, and the rights derived from it are regulated today by international conventions, intergovernmental treaties, and regulations at the federal level.

JAT further added that since it can be expected that other republics will act in the same way as the Serbian Republic, it may become more difficult for JAT to operate, there may be an increase in costs, and there may be a reduced volume of operation and negative business results. There is a possibility that the right of overflight may arise even on the territory of the SFRY. JAT still has significant resources and installations on the territory of other republics (with a value estimated at \$100 million), and so the issue of the possibility of using them efficiently inevitably arises. Finally, JAT said that organizational forms allowing the Serbian Republic to influence JAT's work and operation are already provided by the existing Law on Enterprises.

HUNGARY

Satan Worship, Terrorism: New Concerns for Police, Politicians

Police Press Briefing

91CH0182A Budapest NEPSZABADSAG in Hungarian
9 Nov 90 pp 1, 17

[Article by Gy. Attila Fekete: "What Should Police Do With Terrorists? Satan Worship Sects in Hungary"]

[Text] Even Hungary has Satan worshipers. As reported recently, they made their debut with two brutal murders. In one of these cases a person carved up his sibling, in another case a person murdered his mother. In the aftermath of each of these two incidents, the National Police Command [ORFK] asked each county to report on the situation within their respective jurisdictions.

At yesterday's press conference, Colonel Dr. Antal Kacziba, head of the ORFK investigative division since 1 November, acknowledged that they were able to gather only superficial information about the Satan worshipers. Nevertheless, the information gathered shows that one or two Satan worship groups function in virtually all counties. In addition, many people have body marks, or wear clothing showing a reversed cross and other satanist symbols.

In 1966, satanists in the United States proclaimed that "Satan took power," and they committed the first murder motivated by Satan in 1986. Satan's so-called bible was written in 1969.

Regarding the spread of Satanism in Hungary, Kacziba said that it was not the business of police to clarify why various irrational ideals are increasingly spreading among youth in recent times. As far as the evasive and conspiring hard core satanist groups are concerned, the police have no means by which to find these groups. In this regard, the limits of authority must be clarified soon with the National Security Office. If for no other reason than that threatening satanist letters are increasing. For example, a 12-year-old girl received the following letter:

"Chosen one. Satan has chosen you. Rejoice! He wants you. He drinks your blood, eats your heart, and then you and Satan will be one." (The letter contains quite a few brutal expressions, we will not publish these—the editor.) "Eat lots of chocolate so that your blood becomes sweet. Obey when he calls you, and don't tell anyone."

The press conference was told that various skinhead groups became active once again, except that by now, not only Gypsies and colored people [as published] are targeted. The police found a number of indications which suggest that the skinheads are extreme fanatics,

and that they seek relations with Western neo-Fascist organizations. This is what writings published in KITARTAS and in MAGYAR BULDOG suggest. Once again, the question is this: Whose job is it to establish the whereabouts and determine the activities of these groups? Their ideology is unconstitutional, but the police have no means to search for these organizations.

The trip to the United States taken by Hungarian policemen once again became an agenda item at the press conference. Speaking of the possibility of using the experience gained in the United States, Major Nandor Jasenszky said that politicians must decide within a limited time what the police should do if confronted with a hostage taking criminal. He claimed that the situation was clear in the United States. The one who takes hostages either surrenders, or he will die. No one ever stated in Hungary that under no circumstances should we submit to hostage takers. It will be too late to take such a position when the knife is pointed at the hostage's neck, as recent chronicles on crime showed.

Coordination of Functions

91CH0182B Budapest MAGYAR NEMZET
in Hungarian 9 Nov 90 p 6

[Article by kbp: "Antiterrorist Division To Be Formed With Terrorists? Satan Worship Sects in Hungary"]

[Excerpt] [passage omitted] Colonel Tamas Somogyi introduced himself to journalists at the press conference. He is the head of the antiterrorist division established within the ORFK on 1 November. Responding to a question, Somogyi acknowledged the fact that the National Security Office also deals with antiterrorist activities, but the line along which work is divided between the police and the secret service has not been clearly drawn. As far as exact limits of authority are concerned, lines may be drawn only by the laws concerning national security and the police. Enactment of these laws is expected to take place next summer.

Parliamentary Speech on Satanism

91CH0182C Budapest NEPSZABADSAG in Hungarian
21 Nov 90 p 4

[Report on parliamentary proceedings]

[Excerpt] [passage omitted] Smallholders Party Representative, Bela Csepe, delivered a moving speech about societal threats implicit in murders motivated by satanism. In his view, an antireligious movement, that is closely related to the sale of horror and pornographic materials still tolerated today, is behind these murders. For this reason, Csepe continued, this kind of television advertising, the manufacture of signs and stickers, as well as the operations of satanist sects, must be suppressed by legal means.

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